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East Asia

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Japan

International Affairs

Restoration of U.S. Space Station Funding Hailed

OW0706151791 Tokyo JIJI in English 1430 GMT 7 Jun 91—FOR OFFICIAL USE ONLY

[Text] Tokyo, June 7 (JIJI PRESS)—Foreign Ministry spokesman Taizo Watanabe Friday hailed the restoration of U.S. funding for an international space station project.

The U.S. House of Representatives at a plenary session Thursday approved an amended fiscal 1992 budget authorizing spending of 1.9 billion dollars on the project.

Japan welcomes the U.S. decision as the project will help Japan propel its space development program, Watanabe said.

A subcommittee of the House Appropriations Committeee last month rejected the planned U.S. payment for the joint project that involves 12 countries, including the United States, Japan, Canada and European countries, with the aim of launching a manned space station in 1995.

Foreign Minister Taro Nakayama sent a letter to U.S. Secretary of State James Baker, calling for Washington's all-out financial commitment.

Study of Minimum Rice Access Encouraged

OW0706151491 Tokyo JIJI in English 1411 GMT 7 Jun 91—FOR OFFICIAL USE ONLY

[Text] Tokyo, June 7 (JIJI PRESS)—Japan will have to study allowing foreign rice a minimum access to its market to avert a U.S.- proposed tariffication scheme, a government source said Friday.

What Japan fears most is tariffication, which virually means a total lifting of the current ban on rice imports, said the source who asked to remain anonymous.

He was commenting on reported remarks Thursday by a senior official of the Agriculture, Forestry and Fisheries Ministry, who suggested Japan's partial opening of the rice market.

The ministry official, in Helsingor, Denmark, for a world food council meeting, said it is only natura lfor Japan to make a political decision [words indistinct] to break an impasse in the Uruguay Round multilateral trade talks sponsored by the General Agreement on Tariffs and Trade (GATT).

The government source, however also said there is no change at present in Japan's longstanding policy of maintaining complete self- sufficiency in rice.

Further on Reaction to Gorbachev Summit Presence

OW0706102391 Tokyo ASAHI SHIMBUN in Japanese 6 Jun 91 Morning Edition p 2—FOR OFFICIAL USE ONLY

[Text] "It is good if all nations participating in the summit favor inviting (President Gorbachev). He could be invited to come to the summit as a guest or an observer shortly after the summit's close, but...," said Chief Cabinet Secretary Sakamoto in a news conference on 5 June. Perhaps his remarks at the news conference did not reflect his true intentions. "If Gorbachev comes to London to attend the summit and ask for aid, and requests specific sums of aid at individual luncheons with each of the summit participants, this would be very bad," said a senior Foreign Ministry official. The government is displaying a sour attitude about President Gorbachev's attendance at the summit.

Embarrassment

First, the Japanese Government "opposes" President Gorbachev's attendance at the summit because Japan has stuck to "a policy of not separating politics and economics," under which Japan will not provide any full economic aid to the Soviet Union until the Northern Territories issue is resolved. At the moment, the government cannot change this policy. If President Gorbachev appeals directly to the summit for economic aid, those participating in the summit would insist that "among those nations at the summit, Japan is the only nation financially capable of providing this economic aid to the Soviet Union." The government is concerned that Japan might be pressured by nations at the summit to review its Soviet policy.

Second, there are misgivings within the government that President Gorbachev's attendance at the summit might dwarf Japan's presence there. Once a year, the summit gives Japan the opportunity to stand next to "major industrialized nations" on the international political stage. The government thinks that "if the summit becomes Gorbachev's summit, we cannot...," said a government source.

Weak Resistance

The government, however, is not firmly resolved to block any attempts to invite President Gorbachev to the summit. Speaking at "an informal meeting of the labor industry in Tokyo on the morning of 5 June, Prime Minister Kaifu expressed his objection to inviting President Gorbachev as a formal summit participant but stopped short of indicating if he favors inviting President Gorbachev to the summit as an observer in compliance with an agreement between French and German leaders at their recent summit. According to a senior Foreign Ministry official, the Foreign Ministry first learned of the idea to invite President Gorbachev from a British newspaper article. The government appears to have made light of the president's attendance at the

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summit, believing that "since the United States is reportedly adopting a very cautious attitude toward inviting President Gorbachev to the summit, it is good for Japan to ask the United States to oppose his attendance instead of taking the lead in opposing his participation in the summit."

The U.S. attitude toward President Gorbachev's attendance at the summit has changed subtly. For this reason, the government has come to think that "it would be no good if Japan is criticized for knocking Gorbachev down by continuing to resist inviting him to the summit, said a government source.

Under this development, Nagao Hyodo, chief of the European and Oceanic Affairs Bureau of the Foreign Ministry, on a 4-15 June visit to those European nations scheduled to participate in the summit, plans to "ask those nations to deal cautiously with economic aid to the Soviet Union, even if inviting President Gorbachev to the summit becomes inevitable" when he exchanges views with officials in those nations.

No Prospects Seen

Though some nations are calling for economic aid to the Soviet Union, their call is not backed up by their purses.

A report on the Soviet economy, compiled by four international monetary organizations, including the International Monetary Fund (IMF) and the World Bank, argued that no influx of funds should be made to the Soviet Union with no clear prospects for their use, citing the Soviet failure to present specific programs for implementing economic reform. Therefore, the Finance Ministry is stressing the need to deal cautiously with economic aid to the Soviet Union. A Foreign Ministry official said: "If other nations ask Japan to provide economic aid to the Soviet Union, Japan can simply reject such a request, claiming that we can not give economic aid to the Soviet Union because of the territories issue." Judging that several of the nations participating in the summit are now leaning toward inviting President Gorbachev to the summit, however, a senior official in the Budget Bureau of the Finance Ministry said: "Japan will have no choice but to assume an appropriate burden. If Japan rejects even emergency aid to the Soviet Union on the grounds of the territories issue, it would come under attack from international opinion."

Nakayama Links Islands to Aid to USSR

OW0806092091 Tokyo NIHON KEIZAI SHIMBUN in Japanese 6 Jun 91 Evening Edition p 2—FOR OFFICIAL USE ONLY

[By Minori]

[Text] Paris, 5 June—Foreign Minister Taro Nakayama held talks with his French counterpart Roland Dumas on the evening of 5 June. Regarding Soviet issues, French Foreign Minister Dumas said: "The Soviet domestic and economic crisis will become more and more acute. The Gorbachev administration will face its worst diffuculties in the next five or six months." Thus, he indicated his view that it would be necessary for various Western nations to provide positive assistance to the Soviet Union's economic reform program. In response, Foreign Minister Nakayama said: "As far as Japan is concerned, we are ready to improve our ties with the Soviet Union. This will depend, however, on how the Soviet Union will deal (with the Northern Territories and other issues)." In reply to Foreign Minister Nakayama's request that he visit Japan at an earlier date than previously planned, Dumas replied: "I will of course visit Japan."

LE FIGARO To Correct Nakayama Report

OW0806054291 Tokyo NIHON KEIZAI SHIMBUN in Japanese 6 Jun 91 Morning Edition p 2—FOR OFFICIAL USE ONLY

[By correspondent Fujimaki]

[Text] Paris, 5 Jun—A French paper that was granted an interview with Foreign Minister Nakayama said in an article: "Nakayama disclosed the Japanese Government's intention of revising the Constitution." In this connection, the Japanese Embassy in Paris sent a protest to the paper on 5 June, asking for a correction.

In its remarks attached to the interview report dated 5 June, the French paper LE FIGARO stated: "Foreign Minister Nakayama disclosed that the Japanese Government will revise the Constitution in the near future to bring Japan out of political and military isolation"; however, since no such remarks could be found in the interview report, LE FIGARO decided to settle this issue by agreeing to the embassy's request for a correction. According to the embassy, these remarks are "contradictory to facts."

Editorial on French Prime Minister's Remarks

OW0706054491 Tokyo ASAHI EVENING NEWS in English 5 Jun 91 p 8—FOR OFFICIAL USE ONLY

[ASAHI SHIMBUN 5 June editorial: "We Want To Talk With Cresson"]

[Text] *I crave to go to France*
But France is so far

Thus wrote a poet, Sakutaro Hagiwara, in his "Collection of Short Pieces of Music" nearly 70 years ago.

France has been one of the countries that the Japanese adore, and Paris is still the most popular destination of Japanese tourists going overseas.

Edith Cresson recently became prime minister of this country that the Japanese love. She is the first woman prime minister in a country that has the ideal of "liberty, equality and fraternity."

France has always been a driving force for the integration of Europe. The future of Europe is closely related to the way things will be in the world in the 21st century. We await the new breeze she will bring in an important era.

Which is all the more reason that we are surprised by her remark about Japan. To be honest, we are offended by it.

The new prime minister reportedly said "Japan aspires to conquer the world," in a television interview soon after assuming office.

It is true that we have many economic and trade problems with some foreign countries. But surely France must have problems of its own with other countries that need to be solved.

At present, every country needs to cooperate and collaborate with others. The closer the relations between two countries become, the greater will be the chances that there will be frictions, which will constantly have to be cleared up. Japan is in a whirlwind of activity to ease such strains.

The poet Hagiwara, who lived in a poor Japan, had no means of traveling to France, and went on a domestic trip "in his new business suit instead."

Having experienced defeat in World War II and the devastation of our land and economy, we have worked to the utmost to earn our living. Now, at long last, even young men and women can go to Paris to see the art museums and other sights.

Fortunately, we have attained economic growth, thanks to everybody's efforts to earn a decent living. Nothing could be farther from our minds than to "conquer the world."

Nothing can be done about personal likes and dislikes. But unfounded criticism directed at another country by a person in the position of a prime minister at an official function must be said to be an irresponsible defamation. It was only natural that our Foreign Ministry protested to the French ambassador in Tokyo.

As minister of industrial reorganization and foreign trade, Cresson came to Japan some years ago. Did she have a disagreeable experience when she was gaining firsthand knowledge of this country? She may be haunted with some unfortunate obsession.

If there ever is a chance, we would like to talk with her.

Arabian Oil Announces SRV Development Plans

OW0906114791 Tokyo THE DAILY YOMIURI in English 9 Jun 91 p 8—FOR OFFICIAL USE ONLY

[Text] Arabian Oil Co., one of the nation's major oil refiners, announced Friday that it had conveyed to the Vietnamese government its intention to take part in offshore oil prospecting and development projects in Vietnam.

Arabian Oil is reported to be interested in oil resources development in the areas surrounding the White Tiger Oil Field and the Dragon Oil Field, southern offshore areas. The oil reserves in those areas are estimated to be the largest in Southeast Asia.

Currently, a joint venture company between the Soviet Union and Vietnam is producing 70,000 to 80,000 barrels of crude oil a day in the White Tiger Oil Field and the Dragon Oil Field, whose reserves are estimated to be 400 million to 500 million barrels. With the exception of American companies which imposed economic sanctions against Vietnam, major oil companies are now prospecting in surrounding areas of those oil fields.

According to oil industry sources, the Vietnamese government plans to divide the four southern offshore blocks into eight sections and invite tenders from Western countries. Vietnam hopes to start crude production in 1993 or 1994 and seeks assistance from Western countries not only financially but in terms of technology because berths must be built in those areas, sources said.

The president of Mitsubishi Oil Co. met Vietnamese Prime Minister Do Muoi in April to express his intention to participate in oil development projects. Mitsubishi was the first Japanese company to officially do so. Nissho Iwai Corp. is also said to have great interest in the project.

Foreign Minister Taro Nakayama, who is going to visit Vietnam on June 10, is expected to announce resumption of the government's aid to Vietnam. Amid growing international concern for offshore oil fields in Vietnam, Japanese oil companies will clear their stands in regard to acquiring concessions by the end of the year, a major oil wholesaler official said.

Steel Exports To Resume

Japanese steelmakers will probably resume exports to Vietnam for the first time in 13 years, industry sources said Friday.

Vietnam wants to import nearly 200,000 tons of steel from Japan annually to meet its domestic needs of 350,000 tons, the sources said.

Vietnam is urgently looking for steel suppliers to make up for the loss of supplies from the Soviet Union, which stopped steel exports to Vietnam due to its own economic problems.

PRC Seeks $8 Billion in Petrochemical Loans

OW0906120191 Tokyo THE DAILY YOMIURI in English 9 Jun 91 p 8—FOR OFFICIAL USE ONLY

[Text] China has asked the Japanese petrochemical industries to assist on a series of projects aimed at increasing production of ethylene, synthetic fiber and ammonia, at a cost of $20 billion, industry sources said Friday.

To help finance the projects, China requested $8 billion in loans from the Export-Import Bank of Japan, the Industrial Bank of Japan and other financial institutions here, the sources said.

A China Petrochemical Corp. mission toured Japan in late May and early June to meet with representatives of the Japan Petrochemical Industry Association and other industry leaders.

The Chinese delegation said petrochemical industry plants will be expanded in 14 industrial cities in China. Plans include constructing a new ethylene production facility in the Guangzhou Province and additional ethylene facilities in Xianjiang.

Also, four synthetic fiber plants and 10 new ammonia plants are planned.

These projects are part of China's 8th five-year plan, running from 1991 through 1995.

In China, the annual consumption of synthetic resin has been increasing at a rate higher than 10 percent annually. The Chinese delegation said they are expecting to boost annual production from its present 1.6 million tons to 3.6 million tons by 1995.

Shogo Takei, chairman of the Japan Petrochemical Industry Association, said it is up to each company, rather than the association, to respond to the Chinese request.

The association, however, has decided to send a delegation to China for further discussions with Chinese officials.

The China Petrochemical Corp. is the largest petrochemical group in China and has 37 refineries, 21 petrochemical factories, 15 synthetic fiber factories and other facilities.

Political Affairs

LDP Factions Eye Abe Faction Succession

OW1006061591 Tokyo ASAHI SHIMBUN in Japanese 6 Jun 91 Morning Edition p 4—FOR OFFICIAL USE ONLY

[Text] All eyes in the Liberal Democratic Party [LDP] are focused on who will take over the Abe faction chairmanship. Negotiations are underway under the auspices of Hiroshi Mitsuzuka, the faction's chief secretary. However, due to his long standing rivalry with the LDP Policy Affairs Council chairman, Mutsuki Kato, among other things, the process is bound to be stormy. Depending on the outcome of the succession process, subtle changes may come into the "Anchiku," the special relationship between the old Abe faction and the Takeshita faction, which has been considered the axis of factional dynamics, and this may even greatly affect the political strategies of the various factions toward the LDP presidential election this autumn.

The most sensitive question for all the factions is the fact that the Abe faction's Chief Secretary Hiroshi Mitsuzuka, a possible successor to the faction's chairmanship, is believed to be close to former Prime Minister Takeshita. In fact, hard feelings have existed between Mitsuzuka and Chairman Kanemaru of the Takeshita faction ever since the question of Shintaro Ishihara and his group's return to the Abe faction arose. On the other hand, Takeshita was an old ally of Shintaro Abe, and he has been giving advice, such as "guard the faction firmly," to Mitsuzuka from time to time. When Mitsuzuka mentioned "a prime minister and party president with leadership traits" during an interview with ASAHI SHIMBUN in late May, this has been taken by LDP members to be hinting at "Takeshita's comeback."

The Takeshita faction's basic stance is that despite whoever becomes the chairman of the old Abe faction, it would like to maintain the "Anchiku" relationship and retain its leadership inside the party. It is pleased with Mitsuzuka, who indicated the "maintenance of the Anchiku relationship" immediately after Abe passed away. However, within the group which is in favor of a generational change, there are mixed feelings on the rise of Mitsuzuka, which insinuates the possibility of "Takeshita's comeback."

On the other hand, the Miyazawa faction sees the possibility of Miyazawa becoming LDP president through consensus if Takeshita's comeback is rejected. Thus, it is harboring some hopes. The general mood in the faction is reportedly in favor of revising its strategy in accordance with the moves in the Abe faction.

The Watanabe faction holds expectations that with Abe's death, the "Anchiku relationship" will be diluted, and it can take advantage of this break to take over the position of the Takeshita faction's "partner." Therefore, it is watching the moves of Mitsuzuka, who advocates "maintaining the Anchiku relationship," with concern. At this early stage, there are already voices expressing concern about the possibility of competing for the position of secretary general and other posts with the Abe faction, particularly in case the prime minister and party president is to come from the Takeshita faction.

The Komoto faction has basically adopted a "spectator's attitude" (according to a faction official). After the generational change in the old Abe faction, all factions will rush forward toward the presidential election. Certain sectors have expressed concern that this may adversely affect the buoyancy of the Kaifu administration.

Takeshita Faction's Ozawa on LDP Elections

OW0806211491 Tokyo YOMIURI SHIMBUN in Japanese 7 Jun 91 Morning Edition p 2—FOR OFFICIAL USE ONLY

[Text] Ichiro Ozawa (acting chairman of the Takeshita faction), chairman of a "special research council regarding Japan's role in international society" and former secretary general of the Liberal Democratic Party

[LDP], granted an interview to YOMIURI SHIMBUN on the evening of 6 June. In the interview, he explained fundamental ideas on how future debate can be promoted. Moreover, in connection with ideal means for making international contributions, he explained his views on such topics as the ideal roles of the prime minister and LDP president and significance of "post-Kaifu" presidential election slated for this fall.

[YOMIURI SHIMBUN] What do you think of Japan's international role?

[Ozawa] We cannot survive in the world if we think "Japan is an exception." In this connection, Japan can do everything on the basis of its own political decisions. Some people say that Japan can do only half of that. However, I think Japan has to do what ordinary countries are doing.

[YOMIURI SHIMBUN] What about ideal means for personnel support?

[Ozawa] The Self-Defense Force [SDF] and the Constitution are the focal points of the argument. The majority of the people support the dispatch of SDF troops (minesweepers). In that sense, the SDF's role has been approved. Nevertheless, nothing has been disclosed as to what kind of political decision was involved in this process. It is strange that no political debate was held.

[YOMIURI SHIMBUN] Do you think that the three-party agreement between the LDP, Komeito, and the Democratic Socialist Party regarding UN Peacekeeping Operations (PKO) will be reviewed?

[Ozawa] We decided to form an organization separate from the SDF because we though it was too early to obtain a consensus from the people. Nevertheless, the SDF is now actually out there for the minesweeping operations. The situation changed last December. We will hold a straightforward debate; nothing will be bypassed.

[YOMIURI SHIMBUN] Do you think that a debate will be held on interpretation of Article 9 of the Constitution?

[Ozawa] Article 9 will be discussed if we get into itemized discussions. We do not have to deal with its interpretation right off the bat. I would first like to discuss Japan's ideals, that is to say, our doctrine or philosophy.

[YOMIURI SHIMBUN] What about relations with opposition parties?

[Ozawa] Opposition parties will not be able to avoid debate if we submit a bill to the Diet for revision (of the SDF Act) after fundamental discussions. Do you not think it is good to be debate this in the Diet even if we cannot obtain their approval?

[YOMIURI SHIMBUN] Do you think that the question of ideal means for making international contributions will be raised during the presidential elections?

[Ozawa] People who are considering taking power should explain their plans for Japan's future and how they will deal with fundamental issues before the presidential election. Thus you will be able to vote for a person whose ideas you can support.

[YOMIURI SHIMBUN] Do you think the standards for this presidential election will be different from those of the past?

[Ozawa] Until now, attention has focused on how candidates would tackle welfare matters or on individual domestic policies. "Peace diplomacy centered around the United Naitons" was the only diplomatic matter. Now interests focus on diplomatic policies. He who leads us into the 21st century will have to have the guts to explain his opinions and ideals on these policies.

[YOMIURI SHIMBUN] Do you mean to say that an election by popular vote is better than discussion?

Ozawa: Because that is the democratic rule. We will have no alternative but to hold an election if there are two or three candidates.

[YOMIURI SHIMBUN] What about countermeasures by the Takeshita faction?

Ozawa: There are many political stars in that faction too.

[YOMIURI SHIMBUN] It also seems that there will be a generational dispute as to whether the next president should be a person who was born in the Taisho period or in the Showa period. What do you think?

Ozawa: It is not a relevant issue. The generation matter is not a must.

[YOMIURI SHIMBUN] What about the possibility of your running in the election?

Ozawa: I am not the right man. These times do not demand me... Ha, ha, ha.

[YOMIURI SHIMBUN] An international contribution tax was talked about a lot, and some people have started to think about raising the consumption tax.

Ozawa: (That) is the second theme. (Sources of revenue) will not be discussed in the immediate future.

Takeshita Faction's Kanemaru on LDP Election

OW0706235591 Tokyo ASAHI SHIMBUN in Japanese 6 Jun 91 Morning Edition p 4—FOR OFFICIAL USE ONLY

[Summary of interview with Shin Kanemaru, chairman of the Liberal Democratic Party, LDP, Takeshita faction; part one in series of interviews with LDP leaders; place, date not given]

[Text] [ASAHI SHIMBUN] Secretary General Obuchi once said that he wanted former Prime Minister

Takeshita as the next leader of the Liberal Democratic Party [LDP]. What do you think of the proposed comeback of Mr. Takeshita?

[Kanemaru] Regarding the issue, I met Mr. Obuchi and told him: "I understand your feelings, coming from a close relationship with him for a long period of time. But you are now filling an official position as the LDP secretary general. You had the indiscretion to refer in particular to the name of Takeshita in connection with the presidential election." Since he apologized and said that he was "very sorry" about that, I cannot blame him anymore.

[ASAHI SHIMBUN] How do you feel personally about the possibility of a comeback by Mr. Kanemaru's prime minister?

[Kanemaru] I think that he will not run for the presidential election because he has told me that he "has no intention" of doing that. I do not think that he is telling me a lie about his course of action.

[ASAHI SHIMBUN] On the evening of 16 May, immediately after the death of former LDP Secretary General Abe, you got together with former LDP Secretary General Ichiro Ozawa, Takeshita faction Chief Secretary Keiwa Okuda, and Finance Minister Ryutaro Hashimoto, did you not?

[Kanemaru] The meeting was arranged by Mr. Okuda, and we agreed that "the Keisei-Kai (the Takeshita faction) will maintain its unity whatever happens." We did not gather to determine our candidate for the presidential election.

[ASAHI SHIMBUN] And on 20 May, you again met with Mr. Hashimoto in person, did you not?

[Kanemaru] That is true. In the meeting, I warned him: "I know that you have been criticized by various circles. In the future, you should try to talk to Keisei-Kai members, and take care of the other members."

[ASAHI SHIMBUN] The public believes that you are planning to support Mr. Hashimoto as the Takeshita faction's candidate for the presidential election. What do you have to say about that?

[Kanemaru] He may be a presidential candidate. But there are many people who have a chance to win the faction's support. We should also watch the situation outside the faction to make sure that we can win the election, to see who the other factions' candidates will be. Mr. Hashimoto has both positive and negative ratings so far. At the same time, members have various opinions on other leaders such as Mr. (Ichiro) Ozawa and Mr. (Tsutomu) Hata.

[ASAHI SHIMBUN] How will the next LDP president be chosen? Do you think that he will be chosen through consultations or through an election?

[Kanemaru] I think that a consultation is the most peaceful way to choose the next leader, but we have large number of party members who support the LDP financially. The nomination of a president without a vote would be closet politics. We should conduct a presidential election. However, depending on future developments, the next president could be elected through consultations. Mr. Nakasone said that he opposes the return of someone who has once served as LDP president and prime minister.

[ASAHI SHIMBUN] How do you rate Prime Minister Kaifu?

[Kanemaru] The public knows that he works very hard. I think that he is also one of the candidates for the next leader of the LDP. He probably would be a powerful candidate if he wanted to seek the next term.

[ASAHI SHIMBUN] The LDP has started to work on political reform, and there is speculation that your remarks on the issue were the trigger to the movement.

[Kanemaru] I am not the person who started this. A sincere proposal came from over there (the Prime Minister's Office). The election system based on one-seat constituencies is necessary to materialize two-party politics in the future. It is very questionable whether or not the Social Democratic Party of Japan [SDPJ] is doing a good job, worthy of the name of the largest opposition party. They say no to everything. The current political situation indicates that the public cannot entrust the administration to the SDPJ. It does not mean that the LDP is that good, but that the SDPJ is too bad.

[ASAHI SHIMBUN] How would you describe the prospects for the reform of the electoral system?

[Kanemaru] Regarding the consumption tax, it took successive work of the three generations (of cabinets) before it eventually bore fruit. Taking this fact into considerations, I do not think that the Kaifu cabinet will be able to carry out political reform. However, one of the ways to carry it out is to promote political reform through sufficient deliberations and consultations at the Diet while taking into account the possibility of pursuing politics through a two-party system in the future. Meanwhile, one precondition that has to be considered is forming a coalition government.

Governor Suzuki, Kanemaru Reportedly Reconcile

OW0806034691 Tokyo NIHON KEIZAI SHIMBUN in Japanese 6 Jun 91 Morning Edition p 2—FOR OFFICIAL USE ONLY

[Text] Former Deputy Prime Minister Shin Kanemaru, currently president of the Takeshita faction of the Liberal Democratic Party, held a discussion with Tokyo Governor Shunichi Suzuki at a Tokyo hotel on the afternoon of 5 June. Touching on the gubernatorial election from last April, Mr. Kanemaru said: "An election is an election. Let us forget about the past and work together for the sake of Japanese politics." In response, the governor offered his apologies, sought Kanemaru's assistance in promoting operations of the metropolitan government, and said: "I must have given you a lot of trouble in the election." During the last gubernatorial election, the Takeshita faction gave its strong backing to Hisanori Isomura, another candiate, which resulted in a confrontation with Mr. Suzuki. Thus, the two had alienated each other. With this meeting held for the first time since the election, however, it seems that relations have been mended.

Miyazawa Interviewed on LDP Election

OW0306142191 Tokyo ASAHI SHIMBUN in Japanese 31 May 91 Morning Edition p 4—FOR OFFICIAL USE ONLY

[First of a series entitled "Toward 'Autumn': Interview with Powerful LDP Members"]

[Text] Attention in the Liberal Democratic Party [LDP] is beginning to focus on the maneuvers of the various factions toward the end of October, when the term of office of Prime Minister Kaifu (LDP president) ends, after one of the candidates for the LDP's next president, former Secretary General Abe, died, and the biggest faction, the Takeshita Faction, indicated its intention to nominate its own candidate. We interviewed powerful LDP members on their plans for this autumn, political reform, and other topics.

[ASAHI] After Mr. Miyazawa and Mr. Watanabe held a meeting in Fukuoka in March, the "restoration of the Taisho generation" has become a controversial subject.

[Miyazawa] We did not specifically have such an idea in mind. There is an average age of the population in this country. I think it would not be good to depart too much from the average. However, politics is something that requires comprehensive intellectual experience.

[ASAHI] How about Prime Minister Kaifu?

[Miyazawa] He assumed the position not because he wanted to, but because everybody else said "at this point, please do us a favor." We have to say that he understands his position. He worked very hard to restore the people's faith in a very difficult situation. However, at the time of the Gulf crisis, I was a bit worried.

[ASAHI] You mean his judgment?

[Miyazawa] I thought it was a problem of leadership.

[ASAHI] Was it a problem of his qualifications as a prime minister, or was it because his power base inside the party was weak?

[Miyazawa] I think it was not a question of power base inside the party. For someone who occupies the prime minister's office, if he says do this for me, we would gladly oblige. Particularly during times of such a serious problem for the country, factions are inconsequential.

[ASAHI] How do you think things will move after Kaifu?

[Miyazawa] It is too early to talk about that at this point. I really do not know how things will be decided in the end.

[ASAHI] It seems that there are moves seeking an alliance between the Miyazawa and the Takeshita factions.

[Miyazawa] It would seem that the right course of action is not how to accumulate numeral strength, but rather to arrive at a decision by discussions such as "how about that fellow?" or "that guy would not do."

[ASAHI] Are you saying the presidential election should be done by consensus?

[Miyazawa] To be very honest, I think a conservative party is a party which decides such things through consensus. However, if the majority in the party thinks that consensus-building turns the party into a buddy club and makes it ineffective, then we would have to follow the principle.

[ASAHI] Do you think this will be your last chance?

[Miyazawa] I think so. Setting aside the question of whether I would like to become the president or not, it will be very difficult to do so the next time around. If you lose touch too much with the national average age, you are disqualified.

[ASAHI] How do you think political reform should be conducted?

[Miyazawa] I think if we leave the factions untouched, we would not be able to continue in the present way for long. Therefore, it is clear that something must be done.

[ASAHI] Are you referring to the fact that politics cost too much money?

[Miyazawa] The way it is costing money outrages common sense. The monetary sense in Nagata-cho is several times or even 10 times different from the common people's monetary sense. Unfortunately, this started during the time of Mr. Tanaka (former Prime Minister Kakuei Tanaka). Monetary sense was raised by one digit at that time.

[ASAHI] What do you think of Prime Minister Kaifu's handling of political reform?

[Miyazawa] Kaifu himself believes that he was elected because the party was in a very difficult situation and his mission was to return it to normalcy. And thus, political reform is his final task. I can fully sympathize with him. I will help by all means.

[ASAHI] What about the process of absolution for the Recruit Affair?

[Miyazawa] I have committed a very careless act and caused much trouble. That is why I have refrained from taking up any position in the party, the Diet, and the government. That is, I have practiced self-restraint. Then in the general elections of February last year, the voters voted for me. At that point, I believe I won their confidence. If only to prevent such incidents from happening again, political reform should be conducted by all means.

Komeito 'Likely' To Support LDP on Reform

OW0706122191 Tokyo MAINICHI DAILY NEWS in English 6 Jun 91 p 1—FOR OFFICIAL USE ONLY

[Text] The Komeito, the second largest opposition party, is likely to side with the position of the ruling Liberal-Democratic Party (LDP) on electorial reform for the House of Representatives, according to senior party officials.

The move will be made in an attempt to maintain collaboration with the LDP and the Democratic Socialist Party (DSP) in the House of Representatives, and to enable the party to distance itself from the leading opposition Social Democratic Party (SDP), explained the officials.

The Komeito and the DSP have agreed to draw lines between themselves and the SDP on the electoral reform issue to be discussed at a meeting on Thursday of ruling and opposition party officials.

The near compromise with the ruling party by Komeito will bring to the surface the disarray among the opposition parties, according to political analysts.

In discussions on electoral reform, the LDP has urged the introduction of small constituencies and a proportional representation system, while the SDP has sought the reapportionment of legislative seats in the current medium-sized constituency system before the adoption of a new plan.

If the Komeito remained at the side of the SDP, the party would not be able to keep the upper hand in the reform discussions and might lose its appeal to voters, said the Komeito officials.

Furthermore, the proportional representation system will bring some advantage to the Komeito. It would also pave the way for the establishment of a coalition government to replace the 40-year-long monopoly of power by the LDP, which is one of the goals of political reform, the officials added.

The Komeito will further discuss the shift within the party early next week to sound out the possibility of maintaining three-way cooperation with the LDP and the DSP, the officials said.

As the second largest opposition party, the Komeito has already met the LDP halfway in Diet discussions on a monetary contribution to the multinational forces in the Gulf war.

Business & Economic Affairs

Revision of Large-Scale Retail Store Law Studied

912A0227A Tokyo SHUKAN DAIYAMONDO in Japanese 23 Mar 91 pp 18-19—FOR OFFICIAL USE ONLY

[Text] **Revised Draft Presented**

Dissatisfaction on the American side that the Large-Scale Retail Store Law (law concerning coordination in business activities of the retail trade by large retail stores) has blocked store openings by big stores erupted at the Japan-United States Structural Impediments Initiative Talks [SII]; and the government, for its part, was driven to revise the law.

After May 1990, as a first stage in easing the restrictions, the measure became effective making 18 months (a year and a half) the period from announcement of a store opening to completion of the coordination.

Before then, until notification was made they would give a prior explanation to the locality; but if approval were not given, the notification itself would not be accepted by the trade authorities or the provincial government.

Consequently, if local approval were not forthcoming they would be permanently unable to open a store; and therein lay the makings of money fluttering about. It could be called greasing the squeaky wheel.

In fact, there have been cases where, when all went well, opening a store took three years or, in extreme cases, 10 years. They were lucky if they could open a store, and some have been driven along the way to give up opening their store.

In stage one, they set the time from announcing a store opening to "notification by a owner of a building (article 3 notification)" at six months; and the prior explanations were to be completed by then. However, they tried to make not the nature of the prior explanation the thing that would win local approval, but rather how thoroughly they let everyone know the details about the store opening.

After "notification by an owner of a building," it would go through consideration by a "commercial activities coordination council (advance commercial deliberation council)" made up of local retailers, consumers and persons of learning and experience, the period for this being eight months.

Following that, a "retailer's notification (article 5 notification)" could finally be made. At that stage, it would for the first time go formally before a commercial deliberative council; and with the coordination completed within four months, it would get the minister of international trade and industry's recommendation. This adds up to 18 months. All of this was put into effect as of May 1990.

Stage two further shortens the time for this so as to make it easier to open large-scale retail stores. To that end, it is held to be necessary to amend the Large-Scale Retail Store Law, and so in February at the current Diet session they presented a draft revision of the Large-Scale Retail Store Law and four bills accompanying that to advance medium- and small-scale commerce.

Shortening the Coordination Period

The core of this is the shortening of the coordination period to 12 months (one year). At the same time, prior explanations have been abolished. Because time had been expended previously to get local approval at the stage of prior explanations, this is a big reform.

Firms wanting to open a large store can go straight to a "notification by owner of a building" without giving prior explanations to the locality. This notification is the starting line for the coordination procedures. If there is notification, the Ministry of International Trade and industry [MITI] will make it public. The firm will then do the local explanations. The period for that is a maximum of four months.

When the four months are up, they can take the next step of the "retailer notification." From that point, hearings will begin by the large-scale retail store deliberation council, which will issue its conclusion in a maximum of eight months. That means the conclusion is reached in a total of twelve months.

To be noted here is that coordination councils for commercial activity do not have their turn. There never was any stipulation in the Large-Scale Retail Store Law for the commercial activity coordination councils.

Yet, in actual fact they had been the lead actors in the coordination after the "notification by an owner of a building." Moreover, there were two types: "prior commercial coordination deliberations" before the "retailer's notification" and after that a "formal commercial coordination deliberation." Also, in these they followed the principle of unanimity, so that they were time consuming. As an exception, they did hear arguments on both simultaneously, but the conclusions had been issued under the responsibility of large-scale retail store deliberation councils.

Depending on the commercial deliberation council, there were cases in which, due to strong opposition by local businessmen, the meetings were not even held and the time was spent in vain, or where they worked out delays over fracases caused by committee member resignations. At any rate, it is undeniable that, on the part of MITI and the provincial governments, there was a "let sleeping dogs lie" type of thinking—wanting to have it be completed as quietly as possible.

Thus, they favored eliminating the commercial coordination councils which were not even provided for by law. Thereby, along with the abolition of prior explanations, the chance for delays on the part of the locality was lost.

And yet, this was nothing more than returning to the line stipulated in the Large-Scale Retail Store Law. That is because they had created a structure and principles not in the Large-Scale Retail Store Law and put them into practice through administrative guidance. In the distribution industry there had long been the view that "we would like to have it run exactly as the Large-Scale Retail Store Law says."

Since administrative authority is strong in Japan, we have a climate that is permissive for administrative guidance which deviates somewhat from the stipulations of the law. That gives birth to administrative opacity and earns foreign countries' criticism of Japan the unique country. Even in the Japan-United States SII talks, this point was strongly highlighted.

However, behind MITI's having set out with a major reform we believe there is the suit brought by the president/chairman, Shimizu, of Life Stores. Life Stores wanted to open a store in Shiki City in Saitama Prefecture and began talking with the local people; he made no progress at all and even after nine years had not even been able to make the "owner of building notification."

Then, along with seeking repeal of the Large-Scale Retail Store Law, he instituted a suit with the Tokyo district court on 30 March 1990, seeking state tort damages of 1 billion yen. According to the complaint, he had gone an amazing 49 times in nine years to the commerce and industry council, city hall, prefectural office, trade bureau and MITI to appeal and seek permission to hold an explanatory meeting on opening a store; but all had been denied. He could not even have the first explanatory meeting on the store opening.

It is thought that, if it were in America, this would have meant a governmental loss in the suit. Even in Japan, it is feared that MITI would lose if it came to a purely legal judgment.

Heavy Responsibility of Chambers of Commerce and Commerce and Industry Councils

Besides this, the bill for revision makes it possible freely to expand facilities up to 1,000 square meters for sales rooms for imported goods. In the first stage, they had made that freely possible up to 100 square meters; but they are trying to expand that tenfold in one stroke.

What they mean by imported goods is limited to products getting a last processing in foreign countries. Should they violate this and sell Japanese products, a remedial order would be issued. If the limitation still were not observed, penalties would be assessed.

Because it originally was the idea of the United States that it could not sell its imports in Japan under the store-opening restrictions of the Large-Scale Retail Store Law, they set out firmly to give favorable treatment to sales rooms for imports so as to be responsive to this complaint.

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However, setting up sales rooms separately for imports alone has difficult aspects unless it is for very high class items. For, at large stores, ordinary goods are displayed by categories or by use. Therefore, we can only say that it is not known how much this can be applied.

In consideration of the bold easing of restrictions, MITI is both preparing bills to promote commercial integration to encourage medium- and small-scale retailing or to support the grouping of existing retail shops; and it has totaled up a budget of 162.1 billion yen in all as a budget supplement for fiscal year 1990 and as the budget for fiscal year 1991 for a fund for distribution business measures.

In this way, the large-scale retail store deliberative councils will be dealing with store-opening coordination according to the law; but the councils do not have so many members. There is concern that if a flood of cases comes in, they will not be able to deal with that.

So, for doing surveys on conditions or opinion surveys everywhere they will request the chambers of commerce or commerce-and-industry councils to designate expert committee members and have them handle it. The responsibilities of the chambers of commerce and the commerce-and-industry councils will remain heavy. It seems the key to how this goes henceforth will be determined by how they can change their thinking in the new era.

* Industry Reevaluates Delivery System

912B0140A Tokyo SHUKAN JIJI in Japanese
30 Mar 91 pp 36-39—FOR OFFICIAL USE ONLY

[Article by Hirohisa Fujita of the First Economy Section: "Reevaluation of 'Just-in-Time' System Urged"]

[Text] **Steel Wholesalers Who Appealed to the Ministry of International Trade and Industry**

A considerable part of the sales side of the steel industry is considered to depend upon demand for sheet steel for automobiles, but it is said that, recently, all the wholesale steel companies that subcontract the distribution branch of this appealed to MITI, saying "please exert administrative guidance to relax the 'just-in-time' delivery system that auto makers demand." This is extremely important because it is to each auto assembly company, where the delivery time of parts is considered to be most strict, and delay in delivery is out of the question, but there is great difficulty in coping with it, including working with the drivers. Each related company is wracking its brains over how it should respond to the industry situation where, in regard to export of cars, an executive of a ship company lamented "car companies are strict over time down to the minute. They do not even care about the weather on the Pacific Ocean."

The distribution field, especially the distribution problem which surrounds convenience stores, is also serious. Unless they can follow the delivery times and number of deliveries demanded by the convenience store side, even major food wholesalers will be removed from the list of designated wholesalers, and they will also miss the boat in the competition in expanding the stores which handle home deliveries. With convenience stores, each of which has a small area, since they make full use of point of sales (POS) systems, with its special quality of thoroughly pursuing the line that is selling, the quick response of the dealers who deliver is bound to be a problem. The difficulty of the dealers who are patronized by them is extreme.

The government office which has jurisdiction over this, the Ministry of Transport, while pointing out, concerning the actualization of transport problems, that "recognition of distribution as the artery of industrial circles has finally come out in front," gives as proposals such things as leveling of transport demand, active introduction of modal shift (shift of transport facilities from trucks to railways, and so on) and increasing the size of commercial trucks, which promotes joint shipping (reducing the weight of those for private use). Concerning the just-in-time system itself, the ministry is an active "faction in favor of reevaluation," for the reason that the system does not fit the environment of the times.

The Home Delivery Industry Appeals for "Leveling" of Utilization

With consumer distribution in mind, President Mikihiko Tsuzuki of Yamato Transport Co., Ltd., the largest home delivery company, makes the appeal "users, use your common sense." In other words, "is it not all right if the end-of-year season begins in November rather than December? And would not moving one's home be all right even if not concentrated in the period from the end of March to the beginning of April when charges are high?" he seeks cooperation with "leveling" from the users' side in the same way as the Ministry of Transport.

Chairman Yutaka Kume of the Japan Automobile Manufacturer's Association Inc. recently made a statement which showed a certain degree of sympathy for reevaluation of the just-in-time system, but at the level of each company, the true intention is probably "insofar as possible they would like to operate factories in a symetrical manner," (Vice President Idate of Mitsubishi Motors Corporation). In the final analysis, according to the line prescribed by Vice President Idate it works out that "sooner or later we will probably have to establish a joint inventory center which will play the role of a cushion," (Vice President Idate), but as to such questions as who will bear the expense, the statement is completely cautious, saying a concrete policy is "a task for study in the future."

On the other hand, the Family Mart, a convenience store, has what sounds like a positive attitude toward making efficient delivery a reality, saying "there ought still be lots of room for improvement." As a very familiar example, I cite prepared box meals; it is said that up to

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now three companies that are being patronized each came twice a day, so meals were delivered to each shop a total of six times, but in the Kanto district, joint delivery was realized by unification of boxed-meal standards, so it was changed to delivery three times a day. Furthermore, it is said that "at some time in the next period the same kind of arrangement will be carried out in the Kinki area as well." Perhaps it is also true that there are those who wish to say that, as a reality, distribution-reform has gotten under way without even waiting for Ministry of Transport guidance?

Is a Certain Increase in the Operating Fund Unavoidable?

However, observations like the following bring the shop-floor's sense of crisis to the fore. At Yamaha Motor Co., Ltd., a major dealer in motorcycles, in addition to admitting that "as a practical problem, the just-in-time system is already in the process of crumbling," they say "it is fully conceivable in the future that delivery of parts will sometimes not be in time (for the manufactures's production)." It is an analysis of current conditions which says that in order not to invite this kind of situation, the parent company should promptly change course in the direction of increasing its inventory; it means that the time of "enduring a certain increase in the operating fund because of an increase in inventory" is truly near at hand.

Up to now it has been considered "good" for makers to reduce inventory and make it approach zero, and now, too, Reknown, a clothing manufacturer, is taking great pains to shrink inventory, and Japan- Railways-Eastern-Japan is striving to reduce inventory, including a change of consciousness from the era of the old Japan National Railways. In that sense, it is to be expected that the automobile industry was the model for inventory control. But now there are signs that a reverse move will be forced upon them.

Yamato Transport's President Tsuzuki declares, from the standpoint of transport industry circles, "It is probably a matter of now having reached a time when we should receive a proper return in freight charge," and goes on to also say "will young drivers get up at 0400 and happily deliver, rice balls, for example?" The gist of his statement works out to be that if one seeks excessive service one should pay a premium fee, and all the more so because it is a time when the transport industry is blessed in terms of environment, the statement is bullish overall.

A person related to automobile industry circles also observes in regard to the mood of increasing inventories, "Has not the criticism been voiced that we excessively cater to user orientation toward increased individuality?" thus exhibiting doubt in the present small-volume-multiple-type production setup, which increases the number of parts. In the food industry, which really cannot endure distribution expenditure and the sharp rise in raw materials, without the response of raising prices, they have, since last year, reduced the number of items produced. It may be that even with automobiles, which are high-priced merchandise, "a change to unreasonable discrimination is merely a matter of the burden being great in procurement and control of parts."

Convenience Stores Pin Hopes on Second Baby Boom Generation

Of course, not everything is gloomy. What convenience industry circles pin their hopes on to ease the shortage of help is the children of the baby boom generation. They are counting chickens before they are hatched, thinking that beginning this spring, some will become college students, and convenience stores will probably become a suitable venue as a familiar source of part-time jobs, and recruiting store clerks ought to become easier. Furthermore, in auto industry circles, they are planning to push ahead with simplification of assembly-line work by mechanization, and to get by by extending the mandatory retirement age for staff and making full use of older people. A struggle with such other industries as construction, fast food and apparel to recruit people of talent is probably inevitable, but a certain person related to convenience stores says regarding the influx of the second baby-boom generation, with an air of having a secret plan, "It is a network of stores which is intimately tied to the area, and the everyday association ought to be deep."

In regard also to the transport industry, itself, by a revision of the laws and regulations related to distribution, entrance into the business changed from a license system to an approval system. This means that strong companies can also do transport service themselves, so apart from what the Ministry of Transport thinks, it is not impossible to do just-in-time delivery rigorously with their own trucks. But it is also clear that everything becomes a balance with cost.

The outlook is for steel industry circles to begin negotiations soon on raising the price of sheet steel material for cars, following on from steel plates for shipbuilding. It is pointed out by many that at that time the proper nature of the delivery system, such as the raising of expenses in the transport field, will be used as material for negotiation. The future outlook for each automobile company will probably be extracted, including also whether the increased burden of distribution costs will simply rebound to the price of cars. On the other hand, even while having the task of responding to traffic congestion and environmental problems, according to the estimate of the Economic Research Institute, in the aspect of business results, truck-transport industry circles will go on singing the joys of double-digit growth, but ...."

* Competition Intensifies in Satellite Business

912B0110A Tokyo SHUKAN JIJI in Japanese 9 Mar 91 pp 30-33—FOR OFFICIAL USE ONLY

[Article by Economic II Department reporter, Shoichi Suzuki: "Fortune and Misfortune of Two Established Companies"]

[Text] "Even though the satellite business is a risky one, the recent double failures are beyond our imagination," lamented President Minagawa. Indeed, SCC, a satellite communications company of the Mitsubishi family has suffered unusual misfortunes.

Their second satellite "Super Bird B" burned up along with NHK's broadcasting satellite, the BS2X, when the launch rocket exploded last February. Because of this accident, Super Bird A was forced to orbit without a back-up, continuing a so called "one lung flight."

Super Bird A itself was in poor condition. In July 1988, right after it started operating, its attitude-control related system malfunctioned and failed to send signals for 23 hours. Again in January of last year, it exhibited more case of the "same history"; it stopped sending signals for almost 2 hours. In December of last year, its attitude-control system failed due to multiple problems, one of which lay in the on-board computer's errors in programming. The state-of-the-art high-tech satellite has turned into a "large piece of cosmic trash" after only one and a half years of operations.

Most accidents occur during the initial launch phase and during the phase when the satellite enters an orbit. The probability of an accident during these difficult phases is said to be approximately 10 percent in a communications satellite. However, it is very rare for a satellite to encounter an accident after it starts operating. The only precedent is found "in France in 1985," (related source).

Needless to say, there is no precedent of the same satellite company experiencing a launching failure and an operating failure one after the other within a year.

Operations of 8 programming suppliers that provided video software to CATV (cable TV) via Super Bird A, and 3 private TV companies that used the same satellite to pick up on-site news broadcasting, were severely impacted. These users urgently turned to JCSAT of the C. Itoh/Mitsui Products family. They became regular customers of JCSAT in March of last year.

Communications satellites receive electric waves transmitted from the earth via an on-board transponder (a signal relay device).

The transponder amplifies frequency and retransmits the signal back to earth. It is a convenient communications means of transmitting a high volume of information such as TV video since its frequency range is wide. Also, signals can be received in remote areas just by installing a parabolic antenna. In the cost comparison with cable, the longer the distance it needs to cover and the larger the number of customers it needs to serve, the more advantageous the satellite becomes. For the CATV stations all over the country, it is an essential piece of equipment to receive movies and news.

The JCSAT satellites with the number one and two satellites, utilize 64 transponders. After accepting 11 SCC users, there are very few remaining transponders that have not been sold. However, President Nakayama of JCSAT states, "Since some users do not use transponders even after the contract has been signed, we are not worried about running out of them."

A satellite communications company sets a fee considering all risks. Some industry sources estimate, "In case of JCSAT, the break-even point is 40 percent of transponder occupancy." Because "almost full capacity" (JCSAT) has been realized, JCSAT must be making a good profit.

NTT is also in the satellite communications business. However, the majority of their use of the satellite is for maintaining existing telephone networks. They own only 4 transponders for operations. Thus, in reality, JCSAT is monopolizing the satellite market. For this reason, the satellite market is a seller's market and JCSAT will not even consider lowering the fee, stating, "It is time to use profits for recapitalization, rather than for lowering its fee," (President Nakayama). Barring unforseen losses, JCSAT will be able to recoup their cumulative investments completely ahead of the scheduled time frame.

Replacement Satellite Will Be Launched at the End of the Year

Public trust towards satellites in general has been shaken because of these repeated mishaps. Some companies that were considering satellites, have decided not to use them. JCSAT is planning to launch a third satellite in 1995, but if the belief that "satellites are dangerous" takes root in the public mind, developing new markets will become difficult. Thus, the company produced a booklet called "Trustworthiness of JCSAT Satellites" and launched a "safety campaign." It stressed achievements of Hughes Aircraft U.S. that manufactured their satellites: Hughes ranks No. 1 in terms of receiving orders in the private satellite business and it dominates 60 percent of the U.S. domestic market.

Also, a Hughes' subsidiary, Hughes Communications that is also one of the biggest share holders of JCSAT, is the world's biggest satellite operating company. The booklet emphasizes the reliability of JCSAT's hardware and software. On the other hand, SCC is not simply watching its rival's moves. SCC is planning to launch a satellite in November to replace the failed Super Bird B. They are also planning to launch another replacement satellite for Super Bird A and will attempt to establish a tandem satellite system. The SCC's cumulative loss for FY90 (the end of March last year) has reached 15.5 billion yen and its liability is expected to exceed assets by the end of this fiscal year. The biggest shareholder, Mitsubishi Shoji (who provided 26.5 percent of the SCC's capital) along with other investors of the Mitsubishi Group continues to support its fundraising efforts by issuing allocated shares to third parties.

The contracts between JCSAT and SCC users is in effect until March of next year for the period of one year. SCC users are to renew contracts with SCC if Super Bird B is successfully launched November of this year. However, these users will be forced to decide to renew their contracts with JCSAT in September of this year. Of course, they will not know whether Super Bird B will be successfully launched in September. These users worry about relying on Super Bird B alone without any backup. SCC is putting their maximum efforts to regain their lost customers, but some companies appear to want to wait to renew a contract with SCC until SCC has successfully launched the second satellite. A third communications satellite company, Satellite Japan (acronym SJC; headquartered in Tokyo; president: Reiichi Yoshimoto; 400 million yen in capitalization) is planning to submit an operations permit to the Ministry of Posts and Telecommunications to launch two satellites in 1994-95. Satellite Japan is backed by Nisho Iwai, Sumitomo Shoji and Marubeni. This means that all the large *shosha's* [trading companies] are entering the satellite business.

In contrast to the two forerunners that purchased their satellites from the manufacturing companies that have deep business relationships with their investors, Satellite Japan is going to select their satellites with a "free hand" based on their cost and quality. The fact of the strong yen on the exchange market, helps to lower the cost. The two forerunning companies are said to have invested approximately 100 billion yen including ground facilities. However, SJC is expecting to be able to keep cost "below 80 billion yen," (Executive Director Kou Iijima).

Is Satellite Broadcasting Going To Be a "Savior"?

CATV stations that are designed to serve metropolitan areas have been opened, one after another, all over the country. CNN had gained wide popularity by broadcasting the highly dramatic Gulf war footage, and is becoming a leader in CATV. "Some customers sign up just to watch CNN," (Tokyu Cable TV). Satellites are being developed for industries as "business TV" used for sending information on new products to business customers, for internal training purposes, for public relations and for various events. Other developments for industries are directed for data transfer via super small ground stations. However, NTT says "large businesses are already using business TV by the above ground wire relaying broadcasting and it is cheaper to send data via wire than via satellites." To back NTT's view, the number of CATV's subscribers is not keeping pace with the number of stations CATV is opening.

The total number of transponders will be about 180 in 3-4 years assuming SCC's comeback, SJC's new entry and JCSAT's third satellite entry into the business. The Ministry of Post and Telecommunications estimates that the demand for transponders will be in the 200's in the year 2004 and is concerned that the supply may exceed the demand.

Under these circumstances, satellite broadcasting is now getting attention as the "savior of the satellite business." Very high quality digital music as good as compact discs (CD) has been developed and will commence broadcasting this fall. The only difference between communications satellites and broadcasting satellites is that the communications satellites output a weaker signal. However, these weaker signals directed towards CATV stations, can be received by larger antenna dishes at each home. As a matter of fact, eight programming suppliers of the SCC clique attempted to sell programs to individuals last spring without a license. The Ministry of Posts and Telecommunications immediately made it stop. The ministry is scrupulous about distinguishing between broadcasting and satellites communications. Thus, they came up with a compromise called "consignment broadcasting." According to consignment broadcasting, only a limited number of programming suppliers that are endorsed by the ministry, is able to buy the broadcasting right from the licensed satellite companies.

"We should get rid of the old fences between broadcasting and communications and we should be able to broadcast freely via satellites as it is being done in the United States. Then, our satellite business will make rapid progress," said some satellite business interests. However, the ministry is planning to limit the number of programming suppliers to one digit. The ministry is being pressured to adjust to the needs of many interests, especially, to the competing needs for broadcasting via Broadcasting Satellites (BS) and CATV.

Kawasaki Steel Hopes To Revive Steel Business

912A0198A Tokyo SHUKAN DAIYAMONDO in Japanese 9 Mar 91 pp 86-89—FOR OFFICIAL USE ONLY

[Text] Kawasaki Steel Corp. has embarked on an ambitious investment strategy with its second five-year plan that began with the 1991 fiscal year. The plan's most striking feature is the modernization of the firm's Chiba plant. The purpose of this rationalization is to rebuild Kawasaki as a whole and so make it the strongest steel-making concern in the world. At the same time, the company also will invest aggressively in new areas of business. Kawasaki's five-year marathon has begun.

Chiba Plant Enthusiastic

"Right now, the group at the Chiba plant is very enthusiastic; they want to get on with it," says Kawasaki Managing Director Hidehiko Kimishima, superintendent of the firm's Chiba plant. "They've wanted to refurbish the plant for a long time and now they've been given the chance to do so." The cause for the excitement at the Chiba facility stems from Kawasaki's inclusion of a refurbishment of the plant in a second five-year plan that the company formulated in January. This second five-year plan is an extension of a long-term business plan titled "Vision 2000" that Kawasaki formulated in January 1985. The first five-year plan, which started with the 1986 fiscal year, went "pretty much according to plan," according to Kawasaki President Shinobu

Namizaki. The firm will start its second five-year program in April 1991. Modernization of the Chiba plant will be the centerpiece of the plan.

The goal of "Vision 2000" is to make Kawasaki into a conglomerate of individualized operations based on the world's strongest steel-making concern. The refurbishment of the Chiba plant is indispensable to the goal of constructing that second-to-none steel-making operation. Specifically, this involves upgrading the equipment at the plant's steel mill and hot rolling mill. In other words, the company will spend some 100 billion yen to replace its No. 1 steel mill. In the western part of the complex it will build two 160-ton top-blown rotary converters and continuous casting equipment capable of turning out 50,000 tons of steel a month—to be completed in fiscal year 1993. The present No. 1 and No. 2 hot rolling mills will be concentrated on the No. 1 line at the firm's most advanced plant. Monthly production capacity of some 450,000 tons will not change, but the firm will diversify the lines in order to produce higher value-added products that are directly related to steel. The entire upgrade is scheduled to be completed in fiscal year 1994, at a cost of some 100 billion yen. Investment in both the steel and hot rolling components combined will reach 200 billion yen.

The equipment in use now has deteriorated over the last 20-30 years of operation. Kawasaki has long planned to replace it.

World's Best Quality Steel Sheet

In the steel business, equipment and technological development are intimately related. "You can't develop new technology with old equipment," says Kimishima. This is especially true now that users have recently become more demanding about the kind of quality they want—to the extent that not only must such late-process equipment as that for cold rolling and surface treatment be new, but also the early-process equipment as well. With steel sheet, for example, the thickness of the sheet must be perfectly uniform throughout. That is a difficult thing to accomplish with antiquated hot rolling equipment. In the past, makers have been able to jury-rig the equipment to achieve the desired results somehow. The firm has studied the possibility of replacing the hot rolling equipment with completely new machinery several times, but circumstances never permitted it. The upgrade and the concentration on the plant's west side will "allow us to develop efficient technologies," says Kimishima.

In terms of competitiveness, the Chiba facility is in a difficult position. Kawasaki's annual gross production volume is some 11 million tons; the Chiba plant accounts for a third of that output. Compared to the firm's Mizushima facility, however, the Chiba plant is small. In addition, the Chiba plant produces high value-added products such as stainless steel and surface-treated sheet steel for autos. Its small output precludes it from becoming the company's biggest producer of crude steel. Once its equipment is upgraded, the Chiba plant's efficiency will double from 400 tons annually per worker to 800 tons, but even that jump leaves it short of the Mizushima plant. For the Chiba plant to survive, it must become a supplier of high value-added products to the huge Tokyo area market. In order to do so, the quality of its steel sheet will have to be the best in the world, according to Kimishima. But President Namizaki is fully confident that, although the Chiba plant alone probably will not be the most competitive of facilities, nevertheless its upgrade will make Kawasaki as a whole—including the Mizushima plant—the world's strongest steelmaker. The refurbishment of the Chiba plant is thus indispensable to reaching the firm's stated goal of becoming the world's strongest steelmaker.

Next Five Years Decisive

Although Kawasaki will spend 200 billion yen to refurbish the Chiba plant, its second five-year capital spending plan does not stop there. The company plans to invest, on average, 160 billion yen per year in plant and equipment. Of this amount, the steel division will get 120 billion yen, while three others—engineering, chemicals and new businesses—will together get 40 billion combined. The firm will also spend an additional 50 billion yen on employee perquisites and facilities.

The reason for such an ambitious investment plan has to do with the desire to build a solid business foundation while the Japanese economy as a whole is still going strong. In the remaining ten years until the year 2000, Kawasaki officials believe, the ability of the Japanese economy to maintain its expansion will come to be strongly desired by those both inside and outside the country, and that the economy will move from an age in which demands for filling out the social infrastructure of the nation were made upon it to an age in which the emphasis will be placed on promoting domestic demand. For this reason, they say, they can expect financial liquidity to increase and the Japanese economy as a whole to remain strong. At the same time, they predict that the economy will gradually lose momentum as the aging of the population accelerates in the second half of the decade. In other words, they felt it necessary to embark on bold capital spending ventures during the first half of the decade, when economic growth could be expected to remain relatively robust.

"Domestic demand will be fine through 1995," says Namizaki. "But it's not clear what happens after that, what with the aging of the population and a labor shortage. It's necessary to quickly strengthen our base in steel."

"In every peak there are already signs of decline; it's the same with the Japanese economy," says Kawasaki Vice President Hidenosuke Murakami. "The next several years will be the best for Japan's economy, so we'd better do now whatever it is we have to do."

In fiscal year 1995, Kawasaki officials predict nationwide crude steel production of 104 million tons They expect that figure to remain virtually unchanged in the intervening five years. Says Murakami: "For the Japanese steel industry, these figures represent ideal conditions if you think of the industry's overall equipment, personnel and distribution requirements. Costs will be minimal, too." In other words, the Japanese steel industry can extract the most profit when production remains at a level of 104 million tons. The same is true of Kawasaki. These profits make bold investment possible.

New Businesses To Operate in Black by Fiscal 1995

Strengthening the firm's base in steel is not the only purpose of Kawasaki's second five-year plan: Establishing a soundly profitable basis for the company's non-steel new businesses is also an important consideration. "With the second five-year plan, steel and new businesses are meant to go hand in hand," says Namizaki.

Kawasaki has already entered new areas under its "Vision 2000" plan. That plan sets a goal of 2 trillion yen in sales by the year 2000. Of that, the steel division is to account for 1.25 trillion yen in sales (62 percent of the total), engineering 280 billion yen (14 percent), chemicals and new materials 170 billion yen (9 percent) and electronics 300 billion yen (15 percent). In short, Kawasaki's efforts to expand into other, new businesses is concentrated mainly on electronics, new materials and engineering.

Namizaki likens Kawasaki's current new-business ventures to finally seeing seedlings sprout. "Now we have to nourish them," he says.

The second five-year plan calls for the firm to invest aggressively in the new businesses it has already started. Kawasaki has set a goal of 1.7 trillion yen in sales by the 1995 fiscal year. Of that, steel is to account for 1.25 trillion yen (74 percent of the total), engineering 220 billion yen (13 percent) chemicals 70 billion yen (4 percent) and new businesses 160 billion yen (9 percent). Electronics and new materials comprise the new businesses, and of the two electronics is to account for most of that 160 billion yen in sales. In the engineering division, local development is to account for 70 billion yen in sales. Together, the new businesses are to register combined sales of 230 billion yen.

"It'll take at least ten years to bring the new businesses along," says Murakami. "By fiscal 1995, the last year of this second five-year plan, we want the new businesses to be operating in the black and to stand on their own. Beginning with the third five-year plan we want them to earn a decent profit."

Confident of Success in LSI Business

Kawasaki is counting especially heavily on its large-scale integrated circuit, or LSI, business. The first stage of the firm's entry into the field consisted of forming Japan Semiconductor with LSI Logic Corporation of Milpitas, California; LSI Logic owns 55 percent of Japan Semiconductor and Kawasaki 45 percent. Japan Semiconductor produces custom LSI's.

Everything produced by Japan Semiconductor went to the United States, where it was finished and then sold in the American market. These products were considered American goods and therefore were not counted as semiconductor exports from Japan—and hence did not become another bone of contention between the two countries. After the joint production effort was running smoothly and Kawasaki had acquired expertise in the field, Kawasaki struck out on its own LSI venture. In October 1990, the firm completed its Utsunomiya LSI factory and brought it into operation. The Utsunomiya factory is scheduled to begin operating at full capacity in the summer of 1991. Kawasaki has production consigned to it by LSI Logic and, in addition, is moving ahead with concrete business talks with other semiconductor users. Murakami feels confident the company can support the operation of the Utsunomiya plant. The LSI operation is expected to account for 70 billion yen in sales out of the 160 billion yen that the new operations are targeted to produce by the end of the second five-year plan in fiscal 1995.

Kawasaki's new silicon wafer factory in the United States began operation in November 1990 and began shipping production to its customers in January 1991. The plant has a production capacity equivalent to 900,000 5-inch mirror-finish wafers. Murakami says he wants to put the silicon wafer operation on a sound footing during the next five years.

In other areas, Kawasaki is poised to strengthen its materials business—materials such as ferrite and plastic. In the fields of data communications and electronic equipment, it will concentrate on local area network, or LAN [local area network] operations. In this second five-year plan, data communications and electronic equipment are expected to register 55 billion yen in sales; new materials operations, such as the silicon wafer venture, are expected to produce 35 billion yen in sales.

Five-Year Marathon

Says Namizaki: "The next five years—through fiscal 1995—will be the hardest for Kawasaki. I want us to get through this difficult period somehow or other." The firm will spend a massive 200 billion yen to modernize its Chiba plant, yet that investment does not boost production capacity. Expanded capacity could absorb investment costs, of course, but rationalization such as this does little to alleviate the burden. Yet without such investment Kawasaki cannot hope to keep in the running. Not only that, but the firm's new businesses have taken hold and now must be given the investment that alone can make them grow. "Kawasaki is going to spend more money than ever over the next 5 years," says Namizaki.

The firm will be spending 160 billion yen a year, raising questions about how easily it can get such funding.

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Japan

LDP Reaffirms Policy on Rice Market Opening

OW1106061691 Tokyo KYODO in English 0536 GMT 11 Jun 91

[Text] Tokyo, June 11 KYODO—Top executives of the ruling Liberal Democratic Party [LDP] reaffirmed Tuesday the party's basic policy of settling the issue of opening Japan's rice market through the Uruguay Round multilateral trade talks.

Tomio Yamamoto, chairman of the LDP's Research Commission on Comprehensive Agriculture, briefed the executives on the commission's decisions, which also called for continuation of Japan's food security policy encouraging self-sufficiency in basic food supplies. The executives approved the commission's position.

The meeting followed a series of remarks by top LDP officials calling for partial opening of the rice market and by some officials of the agriculture, forestry and fisheries on the need for an early decision on the issue.

Yamamoto also said Agriculture, Forestry and Sheries Minister Motoji Kondo, now visiting Europe, denied news reports that he and U.S. Agriculture Secretary Edward Madigan discussed the rice market issue.

Keidanren Head Hints at Rice Market Opening

OW1006124691 Tokyo KYODO in English 1149 GMT 10 Jun 91

[Text] Tokyo, June 10 KYODO—Gaishi Hiraiwa, the head of the powerful Federation of Economic Organizations (Keidanren), indicated Monday that the government is ready for a partial opening of Japan's rice market.

He told a news conference that the government already holds "a card to play" on how to solve the thorny issue.

The government is now considering the timing of playing the card with a view to helping the Uruguay Round of multilateral trade talks progress, he added.

The negotiations aimed at freer world trade under the General Agreement on Tariffs and Trade (GATT) have been deadlocked since late last year over the farm issue.

A senior official of the Ministry of Agriculture, Forestry, and Fisheries, currently visiting Denmark, said he is aware of the possibility that the government will decide on a partial opening of the rice market.

Hiraiwa said his federation is prepared to hold another round of top-level talks with agricultural groups on the rice issue.

The federation said it reached some mutual understanding on the partial opening of the rice market in a recent meeting with agricultural associations, but this was denied by the Central Union of Agricultural Cooperatives.

Hiraiwa said the agricultural groups have their own views and it would be better for both sides to meet again.

Keidanren Urges Active Peacekeeping Role

OW1106105191 Tokyo KYODO in English 0953 GMT 11 Jun 91

[Text] Tokyo, June 11 KYODO—The Federation of Economic Organizations (Keidanren) urged the government Tuesday to implement measures that would enable Japan to participate in United Nations peacekeeping operations.

Keidanren made the appeal in a statement it issued Tuesday in connection with the proposed administrative reforms now under review at a government advisory panel.

The Administrative Reform Panel is expected to submit its recommendations to the government in early July.

The Keidanren statement called on the government to study the role the Self-Defense Forces (SDF) could perform overseas, including a review of the existing Self-Defense Forces Act.

The absence of a clear-cut policy concerning Japan's international contribution, including the latitude to deploy military forces abroad in international crises, handcuffed the government during the Persian Gulf war, the statement said.

It also hoped that the government will promote deregulation of business, including relaxation of licensing requirements and a wholesale review of the Antimonopoly Law in line with international standards.

Keidanren, therefore, urged the government to play an active role in the Uruguay Round of multilateral trade talks under the General Agreement on Tariffs and Trade.

SDPJ Dietmen on Security Policy Proposals

First Installment

OW1106012991 Naha RYUKYU SHIMPO in Japanese 8 Jun 91 Morning Edition p 2

[First of two-part series on "text" of proposals authored by Kosuke Uehara, chairman of the Social Democratic Party of Japan [SDPJ] Committee for Policies on the Security Treaty, the Self Defense Force, and Disarmament]

[Text] **Foreword**

I feel deeply that the most important problem in discussions on party reform is how to give direction to the policies on the Security Treaty and the Self- Defense Force [SDF]. Many statements and expressions of views have already been presented. How the reform committee is going to collate these views has now become the focus of attention and concern in the country and abroad. However, looking at the discussions in the party so far, I have become concerned that these discussions might give the party members and supporters, and the people as a whole, the impression that "accepting the Security Treaty (system) and affirming the constitutionality of the SDF" equal party reform. [sentence as published] In such a case, we might come up with reforms which see only the trees but fail to see the forest.

Furthermore, we must not forget that arriving at a conclusion which favors either side of the debate on the "unconstitutionality" or "constitutionality" of the SDF, which has long divided people inside and outside the party, will bring about grave agitation and doubts among people who have supported the party for many years, including rank-and-file party members.

Thus, I have come to believe that the purpose of the present party reform should be to restore the party's unity and to vitalize party activities in the center and in the localities. Moreover, inspite of my poor ability, I have been able to present a proposal entitled "The Creation of Peace: Our Party's New Security Policy" to the Committee for Policies on the Security Treaty, the SDF, and Disarmament, in October last year. The proposal was adopted at the party's 56th national convention in January this year. In view of the above, I am keenly interested in how the policies on the Security Treaty and the SDF are debated, and how opinions inside and outside the party are collected in the present discussion on party reform.

Therefore, I am submitting the following tentative proposals—although they are quite insufficient and imperfect—to the party reform committee:

I. Certain questions (or views which should not be neglected) in the discussion on policies on the Security Treaty and the SDF:

(1) Fait accompli is not equal to reality. Although this is a most obvious fact, no matter how much the times have changed and how much circumstances inside and outside the country have changed, it is out of the question to immediately affirm the constitutionality of the SDF, which has been consistently reinforced in defiance of the absolute concept of peace incorporated in the Constitution and certain specific constitutional provisions under the Liberal Democratic Party [LDP] regime, which has made Japan No. 3 in the world in terms of military spending, and which has made the SDF one of the major military forces. For our party, what is important is how we assess the SDF's present overall military capability in terms of "size, organizational setup, and military equipment." I think the question we ought to consider most is how are we going to maintain coherence with the theories and organizational principles we have upheld so far and how are we going to explain things to people inside and outside the party without discussing the above point?

(2) When deciding whether the SDF is constitutional or not, we must not start from the narrow point of view considering only the SDF in relation to the Constitution. We must also investigate how the ruling party has enforced the peaceful Constitution as a whole in the political, administrative, legislative, and other wideranging areas. For instance, the continuous constitutional amendments through distorted interpretation, the general settlement of post-war political accounts, and how the right of the people to live in peace has been implemented in the areas of education, jurisprudence, and welfare, are questions which undoubtedly have to be taken into consideration.

II. In view of the above, how do we go about revising the party's policies on the Security Treaty and the SDF? I think, as a starting point, the basic direction should be the implementation and absorption in the whole party of the "Creation of Peace", which was adopted at the January party convention, and through this, develop realistic responses. However, unfortunately, such an effort has not been extended to the whole party. Thus, if the reform committee deems that there is a need to revise the policies on the Security Treaty and the SDF, I would like the committee to also deliberate on the policy issues cited by the "Creation of Peace".

III. On such issues which were "unresolved" during the process of formulating the "Creation of Peace", I would like to present them here and state my personal views. I believe they are the core of the problem of the Security Treaty and the SDF, and questions on which level-headed and bold discussions should be held and to which greatest importance should be attached in the building of a consensus in the party.

(1) What is the SDPJ's concept of the state and the power of the state? The SDPJ's "image" of the Japan it would like to create remains unclear and discussions inside the party remain insufficient. I think by delineating the concept of the state and the power of the state, it will be possible to draw sensible perimeters to such matters as security (defense) policy, international outlook, and foreign policy.

(2) No one will deny that the state has the inherent right of self-defense. It is the majority view and the general consensus that even the present constitution does not deny this inherent right of self-defense. I understand that the SDPJ also affirms this point.

(3) While the Constitution denies the right to "maintain land, sea, and air forces, as well as other war potential," and the right of "belligerency of the state", along with its provision that "aspiring sincerely to international peace, the Japanese people forever renounce war as a sovereign right of the nation," it does not go to the extent of denying the right to self-defense of a sovereign nation.

(4) Until the time the United Nations becomes strong enough and international order is maintained through the United Nations, and until the need for states to take measures to ensure their own security disappears, it is an internationally recognized right of sovereign nations to maintain the minimum defense force they need to maintain peace and security.

Second Installment

OW1106112491 Naha RYUKYU SHIMPO in Japanese 9 Jun 91 Morning Edition p 2

[Second of two-part series on "text" of proposals by Kosuke Uehara, chairman of the Social Democratic Party of Japan, SDPJ, Committee for Policies on the Security Treaty, the Self-Defense Forces, and Disarmament]

[Text] (5) I propose that the party thoroughly study the preceding "four clauses" as its assigned task. The SDPJ should make a decision on its political position if it agrees with the view that Japan, as a sovereign state, has an inherent right to self-defense and that the Constitution allows for the concept of self-defense. Now is the time for the SDPJ to provide a new concept of defense in answer to the question of "maintaining certain defense forces."

(6) I hereby propose that the party draw up a "limited self-defense (or defense) plan" if my new concept (or plan) can win the consensus of party members.

(Why I do not adopt a purely defensive defense concept: The Liberal Democratic Party [LDP] government has been building up the Self-Defense Forces [SDF] as a super-military force in the name of maintaining necessary and minimum defense forces according to the concept of purely defensive defense. The SDPJ policy should pursue the creation of a defense force (?) [question mark as published] and should be decidedly different from the policy which provides for a strengthened SDF by sanctioning weapons increases. In order to clarify the point both inside and outside the party, the use of the LDP's worn out expression, the purely defensive defense, is not the best way; it will likely cause misunderstanding.)

(7) Another choice is to take into account the current situation under which the Supreme Court has not made a decision on the constitutionality of the SDF. From this perspective, the SDPJ can leave the decision to justice authorities and the voters. The SDPJ should however still make tangible policy proposals to promote a phased scale-down of the SDF in order to narrow the gap between the SDF's actual situation and the constitutional ideal.

IV. Clarifying Policies on Disarmament, Defense Expenditures, and International Contributions

The current international situation can be described as a time of detente and disarmament within the context of the end of the cold war and the period of international introspection which is following the Gulf war. In view of the above, the party should promote policies (including foreign affairs) and actions to freeze, reduce, and curtail armaments and defense expenditures through all-out efforts for worldwide disarmament and abolition of of nuclear weapons. The "Creation of Peace" proposal has indicated the party's direction for curtailing and reorganizing the SDF so that the actual situation of the SDF can rise to constitutional ideals. Taking this into account, the SDPJ should take the following measures to gradually promote the "limited defense" concept as its goal: 1) The SDPJ should have appropriate knowledge of the SDF's "organization, equipment, training, curriculum, and other aspects" and work on feasible reforms within the SDF; and 2) the SDF (presently divided into Ground, Maritime, and Air Forces) should be reorganized and reformed so that it can fulfill its two major duties of limited defense and international contribution (such as peacekeeping operations and dispatches for disaster relief). The SDPJ should promote studies of possible legislation.

V. Japan-United States Security Treaty (and its system)

Regarding the process of the Japan-United States Security Treaty, the previously introduced "Creation of Peace" proposal has clearly discussed it from three angles: 1) historical significance of the security treaty; 2) how the security treaty should be handled; and 3) strict implementation of the security treaty. I strongly advise members of the party's reform committee to refer to the proposal. In the process of transforming itself into a party able to manage an administration, the SDPJ must not fall into unconditional acceptance of the peace treaty, even if the party abides by the treaty in order to conform diplomatically. The SDPJ should remember the fact that the treaty has clear characteristics as an unconstitutional military alliance which has involved Japan in power logistics (for example the 1976 guidelines for Japan-United States defense cooperation). Changes in the Japan-United States security system focus on quality rather than quantity. Therefore, the SDPJ should work to fade the military color of the Japan-United States security system and transfer it gradually to an international peace system which includes bilateral ties with the United States. Moreover, it is necessary for the SDPJ to listen to citizens who live near military bases and suffer from the implementation of the Status of Forces Agreement and from military exercises conducted by U.S. forces (including those conducted jointly with the Japanese). The SDPJ should pay attention to this and help continue consistent antibase policies.

VI. Including Organizational Principles in Policy Recommendations

I believe that the most important purpose and advantage of the party's revision of its policies on the Security Treaty and the SDF is that this will put an end to the strengthening of the "arms expansion line and the Japan-United States military alliance," which have consistently been promoted by the LDP regime in defiance of the Constitution's pacifist principles and will reinstate Japanese military capability, which has been growing continuously, within the bounds of the Constitution. The present situation and the future will not be easy. I have also heard that there is vacillation among forces defending the Constitution and among party members and activists who have supported the party, and that separation from the party has become a prominent topic. In order to succeed in rebuilding the party in this confused situation, in order to revive enthusiasm among party members and supporters, and in order to spread the party's influence to different sectors among the people, it is necessary to determine the party's policies on the Security Treaty and the SDF and to arm the party ideologically as soon as possible. The most important thing is to come up with policy recommendations to put a stop to the arms expansion line and to create initiative among activists and citizens in supporting the party.

VII. Concluding Remarks

In the above paragraphs I have listed certain problems that I see and my personal views on them as someone who has been extensively connected with them. Insufficient time has made these proposals very deficient and imperfect. I would like to apologize for this. Even though the party is facing the most difficult time since its founding, I think pride in its role in post-war politics and its glorious history will contribute to its future progress. Undoubtedly, policy changes and a realistic line mean neither confirmation of LDP politics nor unrestricted approaches to such politics. What is important is to present the people with various issues which indicate to them that an option clearly different from the LDP's policies and political position is available to them. My feeling is that this point is particularly important in Security Treaty and SDF policies.

The last point I would like to stress is that one issue in party reform is that policies formulated by the party should be steadily implemented by the whole party. All excellent reform proposals and policies will only be castles in the air unless they are implemented in the whole party. I strongly hope for the lofty consideration of the party reform committee.

SPDJ Okinawa Headquarters Refutes SDF Move

OW1006051491 Naha OKINAWA TIMES in Japanese 8 Jun 91 Morning Edition p 1

[Text] The Okinawa Prefectural Headquarters [OPH] of the Social Democratic Party of Japan [SPDJ] held its central executive committee meeting on the afternoon of 7 June. The participants unanimously adopted a resolution on flatly opposing the moves for the party reform centered on recognizing the Japan-U.S. Security Treaty [JUST] and the Self-Defense Forces [SDF], holding that "the recognition of the JUST and SDF is the party Central Committee's discrimination against Okinawa."

At the party headquarters, the "Suiyo-Kai" [Wednesday Society], the largest rightist faction, has strongly called for recognizing the JUST and SDF. Moreover, a statement of opinions, which calls for reconsidering the policy on the JUST and SDF, has been submitted by the party's committee on basic policies on the JUST, SDF, and disarmament (with Kosuke Uehara as chairman). Thus, the trend at the party's headquarters is now moving toward recognizing the JUST and SDF. In this connection, attention has been centered on the position the OPH will take, which has hitherto appealed for opposing the JUST and SDF.

The party headquarters has been conducting consultations on moves toward party reform in various blocs throughout the nation. The OPH representatives attended the Kyushu bloc meeting held on 31 May. The meeting worked out a statement of opinions to the following effect: "The spirit underlying the foundation of the party is to safeguard the Constitution, and it constitutes the party's centripetal force. To abolish this concept is tantamount to the dissolution of the party." Thus, the statement virtually indicates the position of opposing these moves.

The details of the resolution adopted at the OPH meeting indicate further and stronger opposition. The main points of the resolution include: 1) Though the concepts of safeguarding the Constitution and opposing the JUST and SDF seem to have been regarded as the cause of setbacks in the recent unified local elections, it is absolutely unbelievable that deliberations are now being made on moving toward recognizing the JUST and SDF. Recognition of the JUST and SDF is tantamount to negation of the peace-oriented Constitution. 2) Even after the reversion [of Okinawa to Japan], enormous areas of the island are used as U.S. military bases; Okinawa continues to be a stagnant pool of problems and inconveniences caused by the JUST; and Okinawan residents have been continuously forced to make sacrifices. When our sufferings experienced during the Battle of Okinawa are taken into consideration, the moves to recognize the JUST and SDF are nothing but discrimination against Okinawa by the party Central Committee. 3) With each election, the party seems to be nestling closer to the Liberal Democratic Party [LDP]. If the JUST and SDF should be recognized, it would turn out just as the LDP wished, and lead to the retrogressive revision of the Constitution. The problems concerning a nation's inherent right of self-defense as well as its roles in the international community must be dealt with as a separate issue.

The OPH has decided to inform the party headquarters of the prefectural headquarters' independent concept and to insist on its position of persistently opposing the reform plan centered on recognition of the JUST and SDF.

U.S. Suspends Training Due to Protests

OW1106115391 Naha NHK Television in Japanese 0315 GMT 11 Jun 91

[Text] U.S. forces have decided to suspend a runway inspection training exercise, scheduled for today at the Yomitan Auxiliary Airfield, because of villagers' strong protests of activities surrounding the airfield.

The runway inspection training is held to inspect damage on a runway in the event destruction is caused by enemy attacks or disasters. Today's training was scheduled to start at 0730. The U.S. forces conducted the runway inspection training on nine occasions in 1988, using imitation bombs and gas masks.

The Yomitan village office reacted strongly to the training, saying that it is a new intensification of military exercises. About 300 villagers, including village office staff and members of the landlords' association, blocked roads to the airfield to keep the U.S. forces from starting before 0600.

Despite the villagers' moves, the U.S. forces dispatched a communications vehicle and a pickup truck carrying traffic cones which could be used in the training. They tried to enter the airfield shortly after 0600. No troop transports showed up after that, and the U.S. forces decided at 0940 to suspend the runway inspection training.

Following the U.S. forces' decision, Yomitan villagers staged a protest rally. Mayor Yamauchi asked why such training should be conducted in the vicinity of a residential area while Kadena Air Base has a plenty of space. He then emotionally added that such military exercises must not be allowed because they are humiliating not only to Yomitan villagers but to all Okinawans.

MITI Undergoes Major Personnel Reshuffle

OW1006234191 Tokyo KYODO in English 1202 GMT 10 Jun 91

[Text] Tokyo, June 10 KYODO—Minister of International Trade and Industry Eiichi Nakao unofficially approved a major personnel reshuffle, including the appointment of Yuji Tanahashi as successor to outgoing vice minister Koji Kodama.

The current post of Tanahashi, 56, chief of the Industrial Policy Bureau, will be taken over by Kosuke Yamamoto, 55, head of the Machinery and Information Industries Bureau.

Under the reshuffle, to be made official at a regular Cabinet meeting Friday, Naomichi Suzuki, vice minister for international affairs, will retire and be succeeded by Noboru Hatakeyama, 55, chief of the Industrial Trade Policy Bureau.

Teiichi Yamamoto, 53, head of the Atomic Energy Bureau of the Science and Technology Agency, was named as chief of the MITI- affiliated Agency of Natural Resources and Energy.

Hokkaido Mission Leaves for Russian Republic

OW1006115791 Tokyo KYODO in English 1039 GMT 10 Jun 91

[Text] Sapporo, June 10 KYODO—A mission representing the business community in Hokkaido Prefecture in northern Japan left on Monday for the Russian Republic to promote economic cooperation between Japan's northernmost main island and the republic.

The trip is in line with a proposal endorsed at the first session of a local working group held in Sapporo in late January.

The working group aimed at promoting economic cooperation between the two states was established last June.

The 26-member delegation headed by Hiroshi Yamaguchi, a senior official of the Hokkaido prefectural government, departing [word as received] from Niigata by air on the Japan Sea coast Monday afternoon.

The mission is scheduled to visit Khabarovsk and Vladivostok, port cities on the Siberian coast of the sea of Japan, Yuzhno- Sakhalinsk on Sakhalin Island, and Moscow on a two-week tour.

Finance Minister, Others Attend Bank Meeting

OW1106071591 Tokyo KYODO in English 0640 GMT 11 Jun 91

[Text] Tokyo, June 11 KYODO—Bank of Japan (BOJ) Governor Yasushi Mieno ruled out Tuesday the possibility of an imminent relaxation of monetary policy despite signs of a slowdown in economic growth.

Addressing the annual meeting of the Federation of Bankers' Associations of Japan, the central bank governor acknowledged that the pace of economic growth has gone into lower gear, but said the current slowdown is otherwise "favorable" for a continuation of growth itself.

He said the tempo of growth has been too fast in the past four years, and that the current situation should be viewed as a favorable development that will provide sustained growth in a well- balanced manner.

In managing monetary policy, Mieno said, it is "appropriate" at the moment to continue watching the effects of past discount rate hikes while monitoring developments within and outside of Japan.

The BOJ has raised the discount rate, which is the rate charged on loans to commercial banks, five times since May 1989, bringing it to 6 percent from its historic low of 2.5 percent.

Referring to prices, Mieno said they must be monitored with caution as inflationary pressures remain strong owing to continued tightness in the labor and goods markets and the yen's recent weakness.

He said there is also a danger of a renewed flare-up in the price of real estate despite a recent slowdown in land prices, and underlined the need to continue fighting against asset inflation.

"Monetary policy is not only aimed at curbing asset inflation, but due consideration must be paid to prevention of asset inflation in administrating monetary policy," he said.

In other remarks, Mieno urged bankers to strengthen their risk management functions, pointing to the increasing vulnerability of bank earnings to changes in the stock and foreign exchange markets.

He also stressed the need for banks to build up capital so that they can meet new capital requirements set by the Bank for International Settlements (BIS) as required by March 1993.

The BIS rules require Japanese banks doing business internationally to have capital equivalent to 8 percent of their risk-weighted assets by that date.

Speaking at the same gathering, Finance Minister Ryutaro Hashimoto joined Mieno in appealing to banks for strengthened risk management in order to keep their business in sound shape.

Hashimoto implicitly criticized banks for being involved in excessive real estate-related lending in the past few years, which has been cited repeatedly as the main cause of land price inflation.

He said banks must be aware of their public functions and urged them to fulfill their social responsibility in various aspects of doing business.

With regard to an overhaul of the nation's financial system now under way, Hashimoto said such reforms must create a new system open to newcomers as well as to foreign institutions.

Michio Ochi, director general of the Economic Planning Agency, told the meeting he will implement economic policy in a flexible and effective manner while closely following the changing international situation.

Ochi said the agency is maintaining a close watch on various indicators, such as crude oil prices, foreign exchange rates, and the demand-supply situation in the labor market.

Referring to the recent ministerial meeting of the Organization for Economic Cooperation and Development, Ochi said most industrialized nations expect their economies to recover in the latter half of this year.

During the meeting, held in Paris last week, representatives of these countries expressed their resolve to slash budget deficits and increase savings in order to ensure economic recovery, he said.

He cautioned against Japan providing financial aid to the Soviet Union at a time when the political and economic situation there remains unstable.

Finance Minister Dissatisfied With Yen Fall

OW1106050591 Tokyo KYODO in English 0318 GMT 11 Jun 91

[Text] Tokyo, June 11 KYODO—Finance Minister Ryutaro Hashimoto expressed dissatisfaction Tuesday with a fall in the value of the yen, saying the current foreign exchange levels do not reflect Japan's true economic power.

At a news conference after a cabinet meeting, Hashimoto also said the coordinated response by the Group of Seven (G-7) industrialized nations to a recent surge in the value of the dollar in the foreign- exchange market will continue.

But he said he was unaware of plans for a G-7 meeting of central bankers and finance ministers before the G-7 summit in London in mid-July.

Michio Ochi, director general of the Economic Planning Agency, said at another news conference that he was unaware of moves for the Bank of Japan to cut the official discount rate.

He noted that no requests were made for a cut in the Japanese discount rate when the organization for economic cooperation and development held a ministeral council meeting in Paris early this month.

Finance Ministry Rules Out Imminent Rate Cut

OW1006120791 Tokyo KYODO in English 1049 GMT 10 Jun 91

[Text] Tokyo, June 10 KYODO—A senior official of the Finance Ministry ruled out Monday an imminent official discount rate cut by the Bank of Japan because of a steep fall in the value of the Japanese yen against the U.S. dollar.

The official, who declined to be named, said it seems impossible for monetary authorities to change the policy when the yen's exchange rate stands at the present level.

The official said it is premature to conclude the U.S. economy has bottomed out despite improved employment data released in Washington last week.

Foreign exchange officials attributed the dollar's rise to the employment figures.

The official said it was undecided yet whether finance ministers and central bankers of the group of seven major monetary powers will hold a meeting before the London economic summit of their leaders July 15-17.

Bank Report Issued on Spending Slowdown

OW1106123191 Tokyo KYODO in English 0703 GMT 11 Jun 91

[Text] Tokyo, June 11 KYODO—The pace of growth in capital spending by Japanese banks and other financial institutions will slow to 4.1 percent in fiscal 1991 from 7.8 percent the previous year, the Bank of Japan said in a report released Tuesday.

The predicted slowdown stems chiefly from bearishness among securities companies, which plan to spend 21.3 percent less than they did in fiscal 1990, the report said.

This reflected the big earnings drops at most securities companies for fiscal 1990 and the lingering slump in the domestic stock market.

The central bank's report is based on a survey of 205 financial institutions, among them 153 banks, 27 securities companies, and 25 insurance companies.

Spending by banks is projected to grow 7.7 percent from the year- earlier level, while insurance companies forecast a 6.4 percent spending increase, the report said.

Capital outlays by financial instituions account for roughly 10 percent of overall corporate capital spending.

Miyazawa Calls for LDP Debate, Reforms

OW1006201191 Tokyo KYODO in English 1404 GMT 10 Jun 91

[Text] Jakarta, June 10 KYODO—Former deputy prime minister Kiichi Miyazawa on Monday proposed a party debate to determine the policies of the ruling Liberal Democratic Party (LDP) for the presidential election due in October.

Miyazawa leads the third largest faction in the governing party and is a potential candidate for the party presidency. He told Japanese reporters accompanying him on his tour of Indonesia and Thailand, "the coming party presidential election should make clear Japan's course toward the 21st century."

He added, "We should choose the path for the people when we are being questioned over Japan's international role for the first time in the postwar period.

"We suffer international criticism because we lack clear decision making."

Last week in Bangkok he proposed the president of the governing LDP be elected by both LDP parliamentarians and rank-and-file members, rather than in secret negotiations by factional leaders.

Miyazawa expressed reservations about the presidential election being decided by factional leaders. He said the election would be irrelevant to voters without a policy debate over Japan's role.

An LDP president will automatically become prime minister because the party holds a stable majority in the 512-seat House of Representatives.

Miyazawa also opposed the reelection of Prime Minister Toshiki Kaifu as party president on the ground of a need for political reform. He said the next prime minister should carry out reforms. Kaifu's two-year term as LDP president expires on October 30.

Miyazawa did not declare he will run in the presidential election. "I'd like to consider an appropriate time," he said.

On Monday afternoon Miyazawa met Indonesian President Suharto at the Merdeka Palace in Jakarta, Japanese officials said. Suharto told Miyazawa that Jakarta intends to promote cooperation with Japan in energy resources, referring to a plan to jointly develop a natural gas field, the officials said.

The president also said he will provide a cordial welcome to Emperor Akihito and Empress Michiko when they visit Indonesia as scheduled in September, the officials said.

Officials on Environmental Technology for Europe

OW1006210991 Tokyo KYODO in English 1251 GMT 10 Jun 91

[Text] Tokyo, June 10 KYODO—Japan will pledge to transfer to Eastern Europe technology used to stem industrial pollution at an international conference starting June 21 in the Czechoslovak city of Dobris, Environmental Agency officials said Monday.

Environmental Agency Director General Kazuo Aichi will announce the pledge at the three-day conference of West and East European ministers in charge of environmental policy, the officials said.

The Japanese state minister for the environment will notify the conferees of Japan's intention to invite and train engineers from East European nations in its technology to help counter industrial pollution, they said.

The conference comes at a time when East European countries are trying hard to save their pollution-ravaged environments in the wake of the successive downfalls of the communist regimes responsible for widespread environmental contamination.

The international conference is to be hosted by a Czechoslovak government committee in charge of environmental protection policies.

Japan is among three non-European participants in the conference, along with Canada and the United States. The Soviet Union, which is itself suffering serious environmental problems, will also send delegates to the conference.

The conferees will debate ways to clear the East European environment of serious atmospheric pollution, how to regulate the discharge of toxic chemical substances, such as polychlorinated biphenyl (PCB), and measures to prevent water pollution at such rivers flowing across national borders as the Danube, the officials said.

The conferees will also debate how the participating countries should prepare for the United Nations-sponsored conference on global environmental issues, slated for June 1992, they said.

In addition to addressing the plenary session, Aichi will hold bilateral talks with the representatives from the United States, Germany and East European nations to find out what they expect Japan to contribute to multilateral efforts to tackle the global problems of industrial pollution, the officials said.

He will fly back to Japan on June 26 after visiting Poland to learn about the nation's industrial pollution problems, they said.

Mitsui Sets Up Joint Venture in Chip Market

OW1006105691 Tokyo KYODO in English 0820 GMT 10 Jun 91

[Text] Tokyo, June 10 KYODO—Mitsui and Co. said Monday it has set up a joint venture with FSI International Inc. of Minnesota to manufacture and market equipment for cleaning semiconductor chips.

The new company, M FSI Ltd., is capitalized at 450 million yen and owned 51 percent by the trading giant and its subsidiary Chlorine Engineers Corp. and 49 percent by FSI.

The company will manufacture, under FSI license, equipment for cleaning microchip wafers and for surface processing of liquid crystal display [LCD] devices for Japanese users.

Officials said the company is forecasting sales of 1.5 billion yen in the initial year and 6-7 billion yen in five years.

Matsushita Develops Refrigeration Device

OW1006074791 Tokyo KYODO in English 0640 GMT 10 Jun 91

[Text] Osaka, June 10 KYODO—Matsushita Electric Industrial Co. said Monday it has developed a compressor for refrigerators that uses a hydroflourocarbon (HFC) gas which is effective in minimizing the depletion of the ozone layer in the atmosphere.

The company said it jointly developed the HFC 134a gas-filled compressor with its Osaka-based subsidiary, Matsushita Refrigeration Co.

Most refrigeration compressors currently use chloroflourocarbon 12, a gas known for harming the ozone layer.

Company officials said the newly developed regrigerator compressor is as efficient as current compressors on the market.

They said sample compressors filled with HFC 134a will be shipped in late June, and if approved by refrigerator manufacturers, the company will begin mass production immediately afterwards.

NTT Develops Optic Signal Amplifier

OW1106132791 Tokyo KYODO in English 1202 GMT 11 Jun 91

[Text] Tokyo, June 11 KYODO—Nippon Telegraph and Telephone Corp. (NTT) said Tuesday it has developed the world's first optic signal amplifier.

The giant domestic telecommunications company said the new device is capable of amplifying optic signals, cutting production costs of amplifiers to less than one-third of conventional systems.

Under the conventional amplifying system, optic signals are converted into electric signals at an interval of 100 kilometers, keeping production costs high, the company said.

The newly developed system using a fluorine element containing praseodymium, a positive ion, skips this process in amplifying optic signals, NTT said.

It said the new device succeeded in amplifying signals in the 1.31 micron band by more than 1,000 times in experiments.

The development enables cutting production costs of optic communications systems to less than 10 percent of conventional ones, it said, paving the way for expansion of optic communications to households in the future.

The device is based on joint research with Prof. Iraia Scnitzer of Rutgers State University of New Jersey, NTT said.

Mongolia

Prime Minister Departs for U.S. Visit 11 Jun

OW1106120291 Beijing XINHUA in English 1148 GMT 11 Jun 91

[Text] Ulaanbaatar, June 11 (XINHUA)—Mongolian Premier Dashiyn Byambasuren left here by air this afternoon for a visit to the United States via China.

A government press spokesman told XINHUA here today that Byambasuren's trip to the United States is chiefly for talks with officials of the World Bank and the International Monetary Fund as well as meeting with U.S. Government officials to seek financial and economic assistance.

Senior bank officials of the country are among those accompanying the premier on the visit, the spokesman said.

Japanese Foreign Ministry Officials Meet Leaders

OW1106015691 Tokyo KYODO in English 0038 GMT 11 Jun 91

[Text] Tokyo, June 11 KYODO—Mongolian leaders, in meetings with a Japanese Government official in Ulaanbaatar on Monday, called for economic assistance from Japan to assist economic reform, Japanese Foreign Ministry officials said.

Mongolian Prime Minister Dashiyn Byambasuren and Foreign Minister Tserenpiliyn Gombosuren made the request in separate meetings with Japanese Parliamentary Vice Foreign Minister Muneo Suzuki, the officials said.

Suzuki, a Liberal Democratic Party member of the House of Representatives, is visiting Mongolia to prepare for Prime Minister Toshiki Kaifu's visit to Mongolia which is set for August.

The Mongolian leaders told Suzuki that Mongolia needs improvement in communications and transport, electric power development, and industrial development to move from a command economy toward a market economy, the officials said.

Suzuki delivered a letter from Kaifu and pledged Japanese efforts to provide economic assistance to Mongolia, the officials said.

MPRP on Implementation of Privatization Law

OW0906160691 Beijing XINHUA Domestic Service in Chinese 0446 GMT 9 Jun 91

["The Mongolian People's Revolutionary Party Emphasizes Important Functions of State-Run Economy"—XINHUA headline]

[Text] Ulaanbaatar, 8 Jun (XINHUA)—In a statement issued on 8 June on the implementation of the Mongolian Privatization Law, the Mongolian People's Revolutionary Party [MPRP] said that the system of state-owned properties will still have an important role to play in developing and stabilizing the economy.

The statement said: The state still owns such areas and sectors as fuel and energy, the central water supply system, railways, aeronautics, the postal and communications system, radio and television, the central bank, the meteorological department, elementary science, education, culture and art, public health and medicare, the key state enterprises for the production of export-oriented commodities, as well as grasslands and cultivated lands.

The statement added: The simultaneous development of multiple systems of ownership is to provide a basis in the economic field to ensure free competition, increase social productivity, and improve supplies of commodities.

The statement said: The method of privatizing part of the state-owned properties through the issuance of investment securities without charge to citizens should first be successfully experimented on within a designated scope before further popularization. The statement urged the further perfection of methods pertaining to the leasing of properties owned by the agricultural and animal husbandry cooperatives, which were designed to transfer part of the cooperatives' properties to private control.

The Mongolian State Small Hural adopted the "Privatization Law" on 22 May, turning some large-sized state enterprises into citizens' joint-stock enterprises, mainly through the issuance of investment securities by the government to its citizens.

Party: State-Owned Property Plays Important Role

OW0806183991 Beijing XINHUA in English 1756 GMT 8 Jun 91

[Text] Ulannbaatar, June 8 (XINHUA)—State-owned property will continue to play an important role in stabilizing the Mongolian economy, despite the current privatization process, a statement of the Mongolian People's Revolutionary Party [MPRP] said here today.

The statement singled out 13 categories of factories and enterprises that should be owned by the state.

They include energy, water supply, railway, aviation, post and telecommunication, radio and television, central banks, education, culture and arts.

The Mongolian Government announced Thursday to provide citizens born before May 31 this year with investment securities to buy stocks of state properties.

Each citizen is entitled to investment securities totalling 10,000 tugriks (about 1,400 gms. [expansion unknown] dollars).

The government plans to privatize 2,200 out of a total of 2,600 state factories and enterprises, or 57 percent of the state-owned fixed assets.

But the plan will not touch more than 200 major factories and enterprises in the sectors of railway, aviation, mining, fuel and power, public transport aid post and telecommunications, which will remain state-owned.

The privatization of major issues will be expected to be completed in 24 to 30 months while the plan for commercial and service sectors as well as small-sized factories will be completed within this year.

North Korea

IAEA: Government Agrees to Nuclear Inspections

OW1106054691 Tokyo KYODO in English 0441 GMT 11 Jun 91

[Text] Geneva, June 11 KYODO—North Korea has agreed to allow international inspections of its nuclear facilities, the director general of the International Atomic Energy Agency (IAEA), Hans Blix, said Monday.

Blix said that following technical discussions among experts in mid-July, he expects the agreement will be ready for approval by the IAEA Board of Governors at its meeting in September.

North Korea signed the nuclear non-proliferation treaty in 1985, but said it would delay allowing international inspections until the United States removes nuclear weapons the North claims it stores in South Korea.

A Japanese Government official in Vienna said the North still has to clarify several points.

These include whether or not the treaty would be ratified after approval at the September meeting, whether or not North Korea will give immediate notification to the IAEA, and whether it is prepared to allow IAEA inspection of all its nuclear facilities.

The United States, Australia, Canada, Italy, and Thailand have already indicated their support for Japan's request for clarification, but as the North Korean representative left the venue during the meeting, a response was postponed to the next session.

South Korea and the United States have said they are concerned that North Korea's nuclear facilities may be diverted to the making of nuclear weapons.

South Korea's Defense Minister Lee Jong-koo has said he could not rule out a preemptive strike against North Korea's Yongbyon nuclear facility.

Twenty Organizations Issue Nuclear Statement

SK1106055291 Pyongyang KCNA in English 0426 GMT 11 Jun 91

[Text] Pyongyang June 11 (KCNA)—20 political parties and public organisations in the Democratic People's Republic of Korea released a joint statement on June 10 in connection with the issue of removing the nuclear threat from the Korean peninsula.

Follows the full text of the statement:

Joint Statement of DPRK Political Parties and Public Organizations

It is the unanimous desire and aspirations of mankind to live in a peaceful world free from the threat of nuclear war and nuclear weapons. As long as nuclear weapons exist on this planet, mankind will never be free from the threat of nuclear war.

Our Republic has put forward an anti-nuke and denuclearization policy and has consistently advocated prohibiting the development, production and storage of nuclear weapons and abolishing them.

Our Republic has regarded the removal of the nuclear threat from the Korean peninsula as a vital problem that affects the destiny of the nation and as an essential requirement for safeguarding the Asian and world peace. It has made all sincere efforts to get U.S. nuclear weapons withdrawn from South Korea and convert the Korean peninsula into a denuclearized zone.

When measures were taken between the Soviet Union and the United States to abolish some nuclear weapons, we supported them and hoped that such nuclear reduction measures would be also enacted on the Korean peninsula.

However, the U.S. nuclear threat against us is daily growing. As is known to the world, more than 1,000 nuclear weapons are deployed in the south of the Korean peninsula, ready for operation. Now that the whole territory of South Korea has been turned into a nuclear arsenal, our people can never feel at ease. And there can be no guarantee for peace and security in Asia.

Now it has become all the clearer that the presence of more than 1,000 nuclear weapons deployed by the United States in South Korea constitutes the main cause which creates dangers not only to the existence of the Korean people, but also to the peace and security of Asia.

When deploying more than 1,000 nuclear weapons in South Korea, the United States claimed that it was aimed at "deterring the Soviet Union from downward thrust." Then, today when the U.S.-Soviet relations have moved from confrontation to detente and the Soviet Union and the United States do not regard each other as the "enemy," is there any need to keep these nuclear weapons?

If the United States had its object in opposing only our Republic, it would not have deployed such large number of nuclear weapons in South Korea, which have an explosive power 1,000 times the Hiroshima-Nagasaki-type atomic bombs.

Isn't it clear that more than 1,000 nuclear weapons deployed by the United States in South Korea are after all aimed at dominating the whole territory of Korea and Asia and at threatening and bringing under its control any Asian country in case something affecting its "interests" or disagreeable to its "feeling" happens in this area?

The relations between nations are not immutable. They might be on good terms today since their interests are in accord, but tomorrow the state of affairs may change.

In establishing and maintaining its supremacy in the Asia-Pacific region, it will not hesitate, if necessary, to blackmail the nations there with nuclear weapons or use those weapons under whatever pretext they can invent.

A clear proof of this is that the U.S. threatened the use of nuclear weapons during the Gulf war.

The top-level officials and military bosses of the United States declared more than once that thby would use nuclear weapons on the Korean peninsula, if necessary. They threaten us every year by mobilizing large military forces armed with means of nuclear attack in the "Team Spirit" nuclear war exercises.

The United States and the South Korean authorities staged the "Team Spirit" war manoeuvres this year again in disregard of our just demand for discontinuing the "Team Spirit" at least during the talks for the sake of bringing the hard-won North-South high-level talks to a success.

More recently, they are escalating the tensions, noisily crying over our "nuclear capabilities".

At the 22nd "annual South Korea-U.S. Security Council meeting" held last November, they worked out a "combat training plan" to take "aerial countermeasures" against our non-existent "nuclear facilities" and "dislodge" them in time of emergency.

On this basis, in April the South Korean puppet defense minister made a bombastic statement which was virtually a declaration of war, declaring that they would carry out a "preemptive strike" at our "nuclear facilities".

All this is aiming at diverting elsewhere the attention of the world public from its nuclear weapons deployed in South Korea and covering up its policy of nuclear blackmail in Asia with the Korean peninsula as the stronghold with outcries for a unilateral "nuclear inspection" in our area.

No one can vouch that the ever-worsening acute situation of the Korean peninsula may not spark off another war.

It is our Asian countries that would suffer, if a nuclear war broke out in Korea, no matter where the nuclear weapons may fly from South Korea and, in particular, the neighbouring countries of the Korean peninsula would not be able to escape immeasurable calamities.

In order to remove the danger of nuclear war from the Korean peninsula and the rest of Asia, it is necessary, above all, to withdraw from South Korea the U.S. nuclear weapons, the source of nuclear war, and make the Korean peninsula a nuclear-free zone.

The DPRK Government has declared more than once that it has neither intention nor capacity to manufacture nuclear weapons, that it is ready to sign the nuclear safeguards accord any time according to the Nuclear Non-Proliferation Treaty and that it does not oppose nuclear inspection.

The question lies in the removal of U.S. nuclear threat to our Republic and Asia.

If the nuclear inspection should be made it must not be forced upon us alone with no nuclear weapons but the U.S. nuclear bases in South Korea must be opened to the public and an international inspection of them be made at the same time.

This is fair and is necessary not only for our country but also for the Asian countries.

The U.S. still tries to impose its will on others from the position of strength. This is an anachronistic way of thinking.

There are big and small countries in the world but there cannot be major and minor countries, nor can there be nations destined to dominate other nations or those destined to be dominated.

The U.S. takes issue with those countries which do not possess nuclear weapons, wielding nuclear weapons. This is unilateral, big-power arbitrariness.

Japan sides with the U.S., calling for "forced inspection" of our non-existent "nuclear facilities."

When the U.S. stated that it would not hesitate to use nuclear weapons in the Persian Gulf war, Japan quickly reacted to the statement, declaring that such thing must not be allowed. But now Japan has clean forgotten about it and pays little attention to the danger of the U.S. nuclear weapons which would bring horrible damages and calamities to Japan and other Asian countries if the U.S. presses their buttons in South Korea. Why ?

Japan was the first country in the world to suffer nuclear calamities at the hand of the United States and so it must clearly see the virtual danger of the U.S. nuclear weapons deployed in South Korea, its nearest area.

Some time ago, broad sections of people in South Korea, including dissidents and people of the political, academic, art and cultural circles, published the "1,000-men declaration for the denunclearization of the Korean peninsula. They held that the United States must open to the public the nuclear weapons which it has deployed in South Korea and agree to the simultaneous nuclear inspection in the North and the South of Korea.

The demand is being voiced on wide areas of Asia and other parts of the world and growing louder.

Of late, U.S. political, public and academic circles also claim that the U.S. unilateral demand for inspection in the DPRK has lost persuasive power because it has deployed nuclear arms in South Korea and continues to threaten the DPRK with these arms.

The deployment of the U.S. nuclear arms in South Korea is, in essence, fundamentally different from its deployment of such weapons in bases of other countries.

Ours is a country which has been divided temporarily and our nation is also one which is indivisible.

The nuclear weapons deployed in South Korea threaten the very existence of all the Korean nation.

Eliminating the nuclear threat to our Republic is an unavoidable duty which the United States assumes as a nuclear power, in accordance with the Nuclear Non-Proliferation Treaty. Our Republic's demand that the United States eliminate nuclear threat to it is also a right which is vested in us, a non-nuclear nation, in the spirit of that treaty.

Our Republic has joined the treaty, for the purpose of having the U.S. nuclear weapons pulled out of the Korean peninsula, ending the nuclear threat to us and, furthermore, making the Korean peninsula a nuclear free zone.

However, after we joined this treaty, the United States' nuclear threat has increased still more.

There is no reason why the United States cannot withdraw more than 1,000 nuclear weapons from South Korea, if they have no intention to threaten and attack our Republic and other Asian countries with nuclear weapons.

The United States claims that its nuclear weapons deployed overseas are mere "deterrent power", a "nuclear umbrella", to protect its allies and friendly nations. Who on earth are they to "protect" and who to oppose today when the "confrontation" between world powers "has come to an end" and "reconciliation" has been achieved?

The "nuclear umbrella" has now virtually become worn-out, and "protection" by it is unreasonable.

The worn-out "nuclear umbrella" may spring a leak any minute and, if this happens, it cannot shelter anyone from the nuclear rain.

It is as clear as noonday that the aim of the United States in keeping its nuclear weapons in South Korea is to maintain its "policy of strength" and thus obstruct the independent development of the Asian countries and gratify its dominationist desire.

From our vital demand for the rights to national dignity and survival and from our high sense of responsibility for the cause of peace in Asia and the rest of the world, we who are under the constant threat of nuclear weapons will make every possible effort to get the U.S. troops and nuclear weapons withdraw from South Korea, make the Korean peninsula a nuclear-free, peace zone and ensure peace and security in Asia and the world.

The United States must unconditionally withdraw its forces and nuclear weapons from South Korea without delay.

Withdrawing the U.S. nuclear weapons from South Korea and making the Korean peninsula a nuclear-free zone are the fundamental requirements for removing the danger of a nuclear war from Asia.

We expect that the Asian countries and all the peaceloving states, political parties and organisations and people throughout the world will heighten their vigilance against the U.S. nuclear weapons in South Korea and join as one in the struggle to remove them and make the Korean Peninsula a nuclear-free, peace zone.

The Workers Party of Korea
The Korean Social Democratic Party
The Chondoist Chongu Party
The Committee for the Peaceful Reunification of the Fatherland
The Central Committee of the Democratic Front for the Reunification of the Fatherland
The General Federation of Trade Unions of Korea
The League of Socialist Working Youth of Korea
The Union of Agricultural Working People of Korea
The Korean Democratic Women's Union
The Korean Students Union
The General Federation of Unions of Literature and Arts of Korea
The Korean Journalists Union
The Korean Christians Federation
The Korean Chondoist Association
The Korean Buddhist Federation
The Korean Democratic Lawyers Association
The Korean National Peace Committee
The Korean Anti-Nuke Peace Committee
The Korean Committee for Asian-African Solidarity
The Korean Committee for Solidarity with the World People

Pyongyang
10th of June, 1991.

South Activities at Military Demarcation Line

SK0806045291 Pyongyang KCNA in English 0434 GMT 8 Jun 91

[Text] Pyongyang June 8 (KCNA)—The South Korean ruling group on June 5 staged an air-dopping exercise near the Military Demarcation Line with formations of helicopters, according to military sources.

The exercise of dropping supplies from helicopters in the sky above Madal-ri, Kosong County, South Korean Kangwon Province, was aimed to increase the real war capabilities for a prompt and precise supply of combat materials to the "special commandoes" which would infiltrate into the northern half of the country in "case of emergency".

On the same day, the South Korean rulers moved a group of 105 mm guns to the area near Chongja-ri, Paju County, and fired more than 50 shells towards the Military Demarcation Line.

In a separate development, they moved heavy tanks from Paengnyong-ri, Yonchon County, to the area near the Military Demarcation Line, while a large number of bandits armed with large-calibre machine guns were brought into Sangsa-ri, Cholwon County, South Korean Kangwon Province, to fire hundreds of machine gun bullets at random.

Overseas Koreans Urge No Tae-u 'To Step Down'

SK0806045391 Pyongyang KCNA in English 0430 GMT 8 Jun 91

[Text] Pyongyang June 8 (KCNA)—No Tae-u should no more disgrace himself in history but make a resolute decision to step down from power voluntarily, bearing responsibility for everything with a modest attitude according to the will of the people.

Yun I-sang, chairman of the overseas headquarters of the Pan-Korean Alliance for National Reunification (Pomminnyon), said this in a statement issued to the press on June 2.

In the south of the divided country "politics" has long disappeared and "politics" at present is being "sentenced to bankruptcy," he said, and went on:

Suppression and violence of "power" cannot be the last means of the exercise of power for whatever reason. The successive "regimes" which mistook suppression for a "panacea" collapsed for this suppression.

Under the chronic "security-oriented rule" in the South today all the processes of reunification are delayed.

He stressed the need to curb such development and steadily realise the far-reaching plan of the nation with reason and patience in political stability.

He demanded that the "government" no longer lead the present situation to tragedy but totally abolish the "security-oriented rule," the root cause of the popular masses' discontent.

CPRF Issues Statement on Mun's Reimprisonment

SK0806052791 Pyongyang KCNA in English 0444 GMT 8 Jun 91

["'South Korean Rulers Must Release Rev. Mun Ik-hwan and Other Pro-Reunification Figures and Political Prisoners Unconditionally and Immediately'—statement of CPRF [Committee for the Peaceful Reunification of the Fatherland]"—KCNA headline]

[Text] Pyongyang June 8 (KCNA)—The Committee for the Peaceful Reunification of the Fatherland [CPRF] issued a statement Friday, vehemently denouncing in the name of the entire nation the reimprisonment of Rev. Mun Ik-hwan by the South Korean fascist group as a vicious challenge to human rights and democracy and an anti-national criminal act of those who oppose reunification and seek "two Koreas."

The statement reads in part:

The South Korean fascist group takes issue with the activities conducted by the pastor after his release, but none of them can be incriminated.

The fascist group announced that they cancelled the suspension of his penal servitude as "his health is thought to have recovered" judging from the fact that he appeared at meetings to make report about his visit to the North on 106 occasions at 25 places of South Korea after his release and recently guided different rallies and demonstrations as chairmen of the funeral committees for Kang Kyong-tae and Kim Ki-sol. It also stated that it would investigate his utterances sympathizing with the arguments of the North at the afore-said meetings.

Its announcement that it was taking Rev. Mun back to prison because his health had got better is a ridiculous sophism to reimprison him.

How could the health of the old pastor be good after serving prison terms of one year and six months in his seventies?

Rev. Mun took to the street of resistance shoulder to shoulder with young students and people, not because he was in good health, but because he was urged by his unshakable patriotic will and sense of justice.

The brutality of the South Korean rulers in persecuting Rev. Mun, a visitor to the North, by invoking the "National Security Law" is an open provocation against us. This is an anti-reunification act deliberately worsening the North-South relations and laying a grave obstacle in the way of North-South dialogue.

We cannot help being doubtful if the South Korean authorities denounced and rejected by all the South Korean people, their corruption, violence and hypocrisy dragged into the light of day, the authorities without future, who are living their last moments in a fatal crisis, can be a trustworthy dialogue partner.

The South Korean rulers have, in fact, made it plain that they have no intention to end the barbaric "security-oriented rule" or to improve North-South relations and hold dialogue or to solve the reunification question with us by taking back to prison Rev. Mun, a patriotic pro-reunification democratic figure.

The South Korean rulers must stop fascist repression of the students and people and release unconditionally and immediately Rev. Mun and other pro-reunification figures and all the political prisoners jailed unreasonably.

Should the No Tae-u fascist clique, ignoring our warnings, keep Rev. Mun behind the bars and continue repressing the pro-reunification democratic forces, they will be held entirely responsible for the grave consequences to be entailed by this to the North-South dialogue and overall North-South relations.

The destiny of the South Korean authorities rushing headlong along the anti-communist and fascist rod will be little different from the miserable doom of the defunct dictators.

We will keep a watch on the fascist "security-oriented rule" of the South Korean authorities negating dialogue and reunification.

It is high time the United States stopped encouraging No Tae-u the puppet, now a "horse with a broken back," to fascism and division.

We strongly demand that the United States take off its hand of aggression and interference and withdraw promptly its aggression forces and nuclear weapons, with the clear understanding that the days have gone when the colonial fascist rule did work in South Korea.

We take this opportunity to earnestly call on the South Korean people and students to rise as one in the struggle to deliver Rev. Mun from the fascist prison, the pastor who has devotedly worked for human rights, democracy and national reunification, standing on the side of the oppressed people.

At the same time, we expect that the progressive people and conscientious people of the world will lift up voices condemning the inhuman repressive rule in South Korea and voices of international solidarity for the release of Rev. Mun respected and loved by the South Korean people.

South Politician Explains Stay in North

SK1106115491 Pyongyang KCNA in English 1055 GMT 11 Jun 91

[Text] Pyongyang June 11 (KCNA)—Kim Hwi-won, ex-chairman of the Kangwon Provincial District Party Committee of the "Reunification Democratic Party" of South Korea and central permanent member of the "Democratic Liberal Party", who is staying in Pyongyang was interviewed by home and foreign reporters here today over the question of his residence at his request.

In a statement on his permanent residence in the northern half of Korea at the press conference, he said he pondered over the question of his residence many days after his arrival in Pyongyang and declared that he decided to reside in the northern half of Korea.

The North is showing a true example of an independent and democratic state to the whole world by setting an excellent independent policy target with nothing to change in the present system and politics and pursuing a politics with a centripetal core and strong chuche character, he noted.

He continued;

My poliical desire has been to engage myself in worthy politics under an excellent political leader respected by all people united steel strong behind him.

It is thanks to the leadership of respected President Kim Il-song and the wise leader Mr. Kim Chong-il that the North has developed into a great socialist state based on the singlehearted unity of the entire people and envied by other countries of the world.

Referring to the characteristics of socialism in the North, he said he confirmed that the DPRK is a most popular society and an immortal independent state.

Kim Hwi-won further said:

The No Tae-u clan is a marionette political group of the United States which throws the South Korean people into poverty and prison human slaughter house.

My plan is to employ all means and methods, organisational and planned, to let the 42 million people in South Korea realise at an early date the necessity of the withdrawal of the U.S. troops and nuclear weapons and compensation from the United States.

I have sought a place for bringing the U.S. troop pullout movement to a success. Now I regard Pyongyang as the most suitable place to get the U.S. troops and nuclear weapons pulled out of South Korea and make the United States compensate for the damages it imposed on Korea.

Pyongyang where there are two great leaders is the most suitable place for me to wage the U.S. troop pullout movement.

I solemnly declare that I will settle down in the northern half of the country, my hopeful motherland, with a determination to devote my all to the nation.

Kim Hwi-won called for achieving the reunification by 1995 and warmly hailing the great President Kim Il-song on the rostrum of reunification.

Kim Il-song Meets China's NPC Delegation

SK1106105891 Pyongyang KCNA in English 1047 GMT 11 Jun 91

[Text] Pyongyang June 11 (KCNA)—The great leader President Kim Il-song today received the visiting delegation of the National People's Congress [NPC] of China headed by Peng Chong, vice-chairman and secretary-general of its standing committee.

Present on the occasion were Chairman Yang Hyong-sop and Vice-chairwoman Yo Yon-ku of the Supreme People's Assembly, Cha Pong- chu,vice-minister of foreign affairs, and Zheng Yi, Chinese ambassador e.p. to Korea.

President Kim Il-song had a conversation with the guests in a cordial and friendly atmosphere.

He was presented with a gift by the guests.

He gave a luncheon for the guests.

State Funeral Held for Ho Chong-suk

SK0706153391 Pyongyang KCNA in English 1510 GMT 7 Jun 91

[Text] Pyongyang June 7 (KCNA)—A state funeral for Comrade Ho Chong-suk, member of the Central Committee of the Workers' Party of Korea [WPK], was held solemnly here today.

It was attended by Yi Chong-ok and Pak Song-chol, members of the Political Bureau of the WPK Central Committee and vice-presidents, Yon Hyong-muk, member of the Political Bureau of the WPK Central Committee and premier of the Administration Council, other senior party and government officials and the bereft family of the deceased.

The streets of the capital city were filled with sorrow when the car carrying her coffin was passing.

A guard of honor was lined up in the patriotic martyrs cemetery.

Yi Chong-ok made a mourning address.

He recalled that Comrade Ho Chong-suk participated in the patiotic student movement in the homeland and in the anti-Japanese struggle in an alien land for a long time as a woman, unswervingly walking the road of revolution under the influence of the anti-Japanese revolutionary struggle led by the great leader Comrade Kim Il-song and, after the liberation of the country, devotedly worked for the country and the people and the victory of the cause of socialism at important posts of the party and the state.

Our people feel an acute pain and deep sorrow at the death of Comrade Ho Chong-suk, an ardent revolutionary and patriot, he said, stressing that she would always be remembered for her devotion to the noble struggle for the country and the revolution.

Her coffin was buried while the dirge was played and guns were fired.

Ho Chong-sok Letter to Kim Il-song Reported

SK1106111591 Pyongyang KCNA in English 1035 GMT 11 Jun 91

[Text] Pyongyang June 11 (KCNA)—The late Comrade Ho Chong- sok, member of the Central Committee of the Workers' Party of Korea, sent a letter to the great leader President Kim Il-song before her death at the age of 82 on June 5.

She in the beginning of her letter said that she was presenting the letter with deep reverence, looking back on the past glorious and happy days when she grew under the greatest loving care of the fatherly leader for nearly half a century.

After the liberation the great leader embraced in his bosom of affection her who had undergone turns and twists as a woman intellectual, trained her to be an official of the party and the state and looked after her with utmost care when she was old and was suffering from an illness, the letter noted, and continued:

I could not fall asleep many a night, feeling sorry to give worries, having done nothing worth mentioning, to you the fatherly leader who are the saviour of my life and protector of my political integrity and are looking after my work and life with paternal affection, and to fail to repay your loving care in my whole life.

I feel a painful wrench at the thought that I am receiving only solicitude, not saving the cares of you the great leader who make trips of on-the-spot guidance for the people all your life even on a cold day or a rainy day, in your advanced age and trouble yourself about the reunification of the country.

I will live with fortitude for you the great leader and the dear leader Comrade Kim Chong-il, cherishing the pure and clean conscience of a loyal subject in my heart and make sure that my children devote their loyalty and filial piety to you the great leader and the dear leader Comrade Kim Chong-il to the end.

She sincerely wished the great leader good health and long life for national reunification, the prosperity and development of the country and world revolution.

The late Comrade Ho Chong-sok was born into a patriotic-minded lawyer's family in Seoul in 1908.

She took an active part in the anti-Japanese struggle for [word indistinct] years, held important posts of the party and power bodies from December 1945 after the liberation and worked as the minister of culture and propaganda, minister of justice and president of the Supreme Court after the birth of the Democratic People's Republic of Korea.

She was the vice-chairwoman of the 5th and 6th Supreme People's Assembly of the DPRK.

She also worked as a member and secretary of the WPK Central Committee.

Yanggang Province Holds Report Meeting 5 Jun

SK1006084191 Pyongyang Korean Central Broadcasting Network in Korean 0028 GMT 5 Jun 91

[Text] A Yanggang Provincial report meeting took place on the morning of 5 June on the 35th anniversary of the dear leader Comrade Kim Chong-il's opening of the excursion routes to the revolutionary battle sites in Mt. Paektu.

The portrait of the great leader of our party and people Comrade Kim Il-song was respectfully hung in the center of the place where the report meeting took place. Such slogans as "Long live the great leader Comrade Kim Il-song!" and "Long live the honorable Workers Party of Korea!" were displayed. Also placed there were slogan boards that read "Let us inherit and develop our party's brilliant revolutionary traditions!", "Let us inherit and complete the chuche revolutionary cause generation after generation!", "What the party decides, we will do!", and "Ideology, technology, and culture—all in accordance with the demands of chuche" and picture boards that show the revolutionary spirit of our people who are vigorously accelerating the chuche revolutionary cause under the party's wise leadership.

Present at the report meeting were Yom Ki-sun, responsible secretary of the Yanggang Provincial Party Committee and chairman of the Yanggang Provincial People's Committee; responsible officials of local party, government, and administrative and economic institutions and labor organizations; and generals and officers of the

Korean People's Army, along with visitors to the revolutionary battle sites from across the country and workers and youth and students in the province. The report meeting began with the chorus of "The Song of General Kim Il-song." Yom Ki-sun delivered a commemorative speech at the report meeting.

[Begin Yom recording] Comrades: In an environment in which all the people across the country are vigorously accelerating the grand march movement of the 1990's to conquer a new peak of socialism after achieving single-minded unity around the party and the leader, today, we are meaningfully celebrating the 35th anniversary of the dear leader Comrade Kim Chong-il's opening of the excursion routes to the revolutionary battle sites in Mt. Paektu.

The excursion to the revolutionary battle sites in Mt. Paektu, Pochonbo, and Samjiyon which the dear leader Comrade Kim Chong-il personally organized and led 35 years ago was an important turning point in leading our people and the new generations to brilliantly inherit and develop the honorable revolutionary traditions which the great leader created.

On this meaningful day, all the party members and workers in the province are recalling with deep emotion the excursion routes to the revolutionary battle sites along which the dear leader Comrade Kim Chong-il walked and are filled with a burning resolve to more vigorously struggle for the ultimate victory of the chuche revolutionary cause under the tested leadership of the dear Comrade leader.

The dear leader Comrade Kim Chong-il presented the task of inheriting and developing the anti-Japanese revolutionary traditions which the great leader created as a basic issue for completing generation after generation the chuche revolutionary cause which the great leader cultivated. He also highly upheld the banner of struggle to steadfastly adhere to our party's revolutionary traditions. [applause]

The brilliant revolutionary traditions, which he [Kim Il-song] created when, after creating the immortal and imperishable chuche idea, was cultivating the roads toward the Korean revolution and organizing and leading the incomparably arduous anti-Japanese revolutionary struggle, are an everlasting basis that enables our party and revolution to win victories after overcoming any storm.

The only tradition which we must inherit is the honorable revolutionary tradition which the great leader Comrade Kim Il-song created during the days when he was waging an anti-Japanese revolutionary struggle. To us, there can be no other tradition than the chuche revolutionary tradition which the leader created during the bloody anti-Japanese battle.

With a far-reaching and outstanding insight, in June 1956, the dear leader Comrade Kim Chong-il organized the excursion to the Mt. Paektu region where the revolutionary achievements of the great leader are being displayed, and personally took the lead in this excursion, thus cultivating the routes to Mt. Paektu. Since then, the routes to the Mt. Paektu revolutionary battle sites where our party's noble will to inherit and develop the honorable anti- Japanese revolutionary tradition and to brilliantly complete the chuche revolutionary cause generation after generation was prevailing have been opened, and we have been able to crush the enemy's maneuvers to [word indistinct] our revolution, to persistently carry out the chuche revolutionary cause, and to victoriously march forward. [end recording]

The reporter went on to point out that under the dear leader Comrade Kim Chong-il's far-reaching plan and thanks to his great favors, the revolutionary battle sites and historical sites at Mt. Paektu and the entire Yanggang Province were wonderfully preserved, that they have turned today into a grand open-air museum for education in the revolutionary traditions, and that all the conditions, including camps, have been provided for visitors. The reporter also pointed out that while walking along the meaningful excursion routes which the dear comrade leader opened, workers and youth and students from across the country are strongly preparing themselves to become chuche-type revolutionary fighters who are persistently struggling in hearty response to the great leader and under our party's wise leadership.

He went on to say:

[Begin Yom recording] This is the powerful demonstration of the justness and vitality of the dear comrade leader's plan on preserving the revolutionary battle sites well and strengthening education in loyalty.

All the historical events and epochal changes that have taken place in the fatherland for 35 years since the excursion routes to Mt. Paektu were cultivated are the valuable results of the dear leader Comrade Kim Chong-il's outstanding ideological and theoretical activities and energetic leadership.

With the unanimous sentiment of loyalty of all the party members and workers in the province, I sincerely extend the greatest honor and warmest thanks to the dear leader Comrade Kim Chong-il, who is resolutely defending and holding fast to the revolutionary traditions which the great leader created, are applying those traditions in a revolutionary manner in all the fronts of revolution and construction, and confidently leading the entire party and all the people to complete the chuche cause. [applause]

Comrades: We have the honorable and heavy task of eternally inheriting and developing our party's brilliant revolutionary traditions generation after generation under the dear leader Comrade Kim Chong-il's leadership, thus completing the revolutionary cause, which the great leader cultivated.

The dear leader Comrade Kim Chong-il has pointed out: To complete the chuche revolutionary cause to the end, we must strongly arm ourselves with the anti-Japanese revolutionary traditions and unchangingly struggle to (?preserve) them.

Above all, we must lead the party members and workers to clearly know the historical root of the party and revolution and to prepare themselves to become revolutionary fighters and chuche-type communist revolutionaries who are endlessly loyal to the great leader and the dear comrade leader. The party organizations must better preserve the revolutionary battles sites, the revolutionary historical sites, the revolutionary museum, and the revolutionary history hall in the province which have been maintained as schools for education in the revolutionary traditions under the dear comrade leader's far-reaching plan and wise leadership, thus [words indistinct].

The party organizations must substantially organize education in the revolutionary traditions for all the party members and workers using the revolutionary battle sites and revolutionary historical sites to ensure that the party members and workers score endless upsurges in revolution and construction.

Inheriting the Paektu revolutionary traditions which the dear comrade leader [word indistinct] in cultivating the excursion routes to Mt. Paektu, all the party members and workers must highly display the revolutionary spirit of defending the party and the leader by even risking their lives, accepting party policies [word indistinct], and unconditionally implementing them.

In hearty response to the dear comrade leader's reply letters to the members of the Fifth Cell of the Korean Central News Agency and all the comrades in the Korean Literary Production Company, we must carry out tasks that the great leader and the dear comrade leader gave to [words indistinct], thus systematically increasing the production of ores and timber; develop [word indistinct] agriculture, thus increasing grain production; further develop the local industries; and build more modern houses in cities and rural areas. In addition, we must better preserve Yanggang Province, where the honorable and brilliant revolutionary historical sites of the great leader and the dear comrade leader exist, as holy revolutionary sites and the people's paradise and must also further improve the people's standard of living.

No matter what wind may blow, no matter when, and no matter wherefrom, without being shaken at all, we must cherish deep in our hearts national pride in carrying out the revolution in hearty response to the great leader and the dear comrade leader and must persistently and single-mindedly struggle along the single road of revolution. [end recording]

WPK Message Delivered to Children's Meeting

SK1106022291 Pyongyang Korean Central Broadcasting Network in Korean GMT 91

[Congratulatory message of the Central Committee of the Workers Party of Korea delivered by Yon Hyong-muk to the participants of the national meeting of the Children's Union held on 4 June at the People's Hall of Culture—recorded]

[Text] To participants of the national meeting of the Korean Children's Union [KCU]:

It is very significant to hold a national meeting of the KCU on the occasion of the 45th anniversary of its founding. The Central Committee of the Workers Party of Korea [WPK] extends warm congratulations to all participants of the meeting and members of the KCU across the country who are studying to their hearts' content with boundless hope and valiantly growing up as the next generation of the revolution in the bosom of our party. [applause]

Terming our children kings of the country and to foster our rising new generation into reliable successors to the revolutionary cause of chuche, the great leader Comrade Kim Il-song founded the KCU which inherited the red flag of the Saenal Juvenile Union, the first revolutionary children's organization, and the anti-Japanese children corps, which he personally organized in the period of the anti-Japanese revolutionary struggle, and he brilliantly elucidated the future road of the KCU and has wisely led it in every stage of the development of the revolution.

The KCU, which is a communist mass organization of our children, has traversed the road of proud struggle and victory in the past under the wise leadership of the party and the leader. Under the slogan, "Let us always prepare ourselves to become reserves of communist construction," members of the KCU have not only properly carried out their organizational life while studying hard, but have also vigorously conducted social and political activities and good deeds movements. Thus, they have firmly prepared themselves to be a reliable new generation of the revolution and brilliantly lived up to the pride and honor of being young revolutionaries and builders.

Members of the KCU not only participated in the work of deepening the foundation for building a new country, but also displayed wisdom in the fight to smash the U.S. imperialist aggressors, their enemies. They have also actively assisted in the construction work of building our fatherland into a rich and powerful socialist country.

That members of the KCU have invariably followed our party in the glorious days as well as the arduous days and, thus, have traversed the single road indicated by the party, clearly shows the proud appearance of members of the KCU who are growing to be reliable successors to the revolutionary cause of chuche.

Today, more firmly uniting around the party and the leader than ever before, members of our KCU are vigorously traversing the single road of loyalty to brilliantly consummate the cause of our party with high revolutionary zeal. That members of our KCU who will inherit our revolution are today outstandingly growing up this way constitutes a great pride for our party and the people. And the future of our fatherland is boundlessly brilliant and bright because members of our KCU are firmly preparing themselves to be the reserves of communist construction. [applause]

The WPK Central Committee highly appreciates members of the KCU for their having registered brilliant successes and achievements by unstintedly displaying the revolutionary mettle of Korean children who have been educated by the party amid their study work, organizational life, and practical acitivity. [applause]

The great leader Comrade Kim Il-song has taught: The basic duty of the KCU is to firmly prepare members of the KCU to become reserves of the revolutionary cause of chuche. Only when we firmly prepare members of the KCU, who are the future masters of our fatherland and the successors to our revolution, to become communist revolutionaries of chuche type can we consummate the revolutionary cause of chuche to the end.

Members of our KCU are faced with the honorable task of continuing the revolution generation after generation under the banner of the chuche idea to reunify the country and to build a paradise of communism on this land. Members of the KCU should more properly carry out study work and organizational life so that they can prepare themselves to be reserves of communist construction and future's vanguards.

The chuche idea is the precious bread of life with which members of the KCU can grow up to be communist revolutionaries of the chuche type. It is also the compass which makes it possible for members of the KCU to advance straight along the road of the revolution. Members of the KCU should properly carry out studies to firmly arm themselves with the great chuche idea and should thus become the sunflower of loyalty which thinks and acts only according to the intent of the party wherever and whenever.

Members of the KCU should deeply and thoroughly study the classical work of the great leader Marshal Kim Il-song and party documents. Loyalty to the party and the leader is the first life of our KCU members. Following the tradition of loyalty of members of the children's corps who held in high esteem the respected and beloved leader General Kim Il-song as the sun of the nation in the period of the anti-Japanese revolutionary struggle and who resolutely safeguarded and defended him, KCU members should not only trust and follow the party and the leader to the end, but should also become children of loyalty and devotion who unconditionally and thoroughly implement the party's lines and policies.

KCU members should vigorously wage the movement to learn from the glorious younger days of the great leader and the dear leader and, thus, should resolutely carry on the generation of the revolution with pure and clean loyalty under any difficult circumstances. KCU members should clearly know that loyalty which is inherited generation after generation is precisely genuine loyalty and should concentrate great efforts on deeply mastering the greatness of our party and its brilliant achievements attained in the revolution and construction.

KCU members who were born in and are living and studying in the fatherland of chuche should have as firm faith the Korean-nation first spirit that our leader and our party are the greatest, that the chuche idea of our party and its revolutionary tradition are the best, and that the socialist system of our country is the most excellent. KCU members should firmly defend the glorious revolutionary tradition created by the great leader in the flames of the arduous anti-Japanese revolutionary struggle and should actively learn from the faith in certain victory, the indomitable fighting spirit, and the revolutionary spirit of self-reliance and fortitude, and the revolutionary optimism that fallen anti-Japanese revolutionary fighters displayed.

Under the slogan, "Study and life—all in manner of the anti-Japanese guerrillas," KCU members should establish the revolutionary traits of learning and living like members of the anti-Japanese children's corps while singing revolutionary songs. Our socialist fatherland is a cradleland of life and a nest of happiness which bestows hope upon KCU members while assuming reponsibility for their destinies.

The socialist system of our country is the most superior socialist system of chuche which serves the people. It is also the best system under which the people study together, enjoy free medical treatment, and live in peace without worries about food, clothing, and housing problems. KCU members should become young patriots and revolutionaries who enthusiastically love the socialist fatherland and who defend the socialist system of chuche, devoting their lives.

The goal of the revolution has not changed. However, today's reality in which the change in generation has constantly taken place demands that all KCU members boundlessly hate all class enemies and that they more properly prepare themselves to be resolute revolutionary fighters who gallantly struggle against the rascals. KCU members should not forget our people's past days of exploitation and oppression. They should also boundlessly hate the U.S. imperialists and their stooges who have deprived South Korean children of their right to study and forced them to wander around the streets and should resolutely fight against the rascals.

In order for KCU members to become reliable future young vanguards and to firmly prepare themselves to be the next generation of the revolutionary cause of chuche, they should properly carry out their organizational life in the Children's Union and, thus, should add luster to their political lives. KCU members should love and treasure organizations of the Children's Union. They should also thoroughly rely on organizations of the union, voluntarily abide by the organizational discipline of the union, and fulfill the tasks assigned by their organizations without fail.

Through their organizational life, KCU members should follow good things, should struggle against bad things, should frankly criticise their mistakes and wrong actions, and should warmly point out and advise fellow comrades of faults. Thus, KCU members cultivate themselves together.

Study is the first priority and revolutionary duty of students. KCU members should enhance the (?ambition) for study, properly abide by study discipline, and study harder. Thus, they should become honor students and constantly increase the ranks of honor students.

The KCU members, under the slogan, "Let us study for Korea," should thoroughly establish chuche in their study. By so doing, even when they learn the alphabet or handle experimental equipment, they should learn practical knowledge for our country's revolution and for socialist construction.

The KCU members should positively join the march to the Mt. Changja study place for reading; should always hold books in their hands; should read many good books on the revolution; and should actively carry out various team activities by utilizing social indoctrination facilities, including the School Children's Palace, School Children's Hall, and KCU Camping Place. By so doing, they should have deep and wide knowledge.

The KCU members should actively make efforts to learn beautiful communist moral traits. The KCU members should love comrades and organizations from childhood and put the interests of groups and the interests of the revolution before their own interests. In addition, they should adhere to brilliant traits of devoting everything to comrades and groups.

The KCU members should respect their parents and teachers, love their brothers, and set an example in abiding by public morals and social order in the school, home, streets, village and at any time, any place.

In addition, the KCU members should, from childhood, have the habit of regarding labor as glorious and worthwhile; of enjoying work; of always keeping their bodies clean; of being neatly dressed members; and of being polite in talking.

The strong health of the KCU members is a treasure to the country and the revolution. The KCU members regularly participate in the sports of morning gymnastics, running, the height-growing campaign, and various other activities. By so doing, they should make efforts to maintain strong health capable of contributing to labor and national defense.

The KCU members should positively carry out the campaign to do such various good works as social and political activities, tree planting, and rabbit raising. By so doing, they should be young social political activists and managers of the national economy.

To more properly bring up our KCU members as the heros of the future of the fatherland, we should firmly consolidate the KCU organization and enhance the sense of responsibility and the roles of the enthusiasts of the KCU members.

The KCU organizations should help the KCU members properly lead organizational lives, should properly manage the KCU committee and subcommittee, and should further strengthen the KCU works. By so doing, the KCU organizations should lead the KCU members to always do activities.

The KCU organizations, in accordance with specific work conditions, through various forms and methods, should originally carry out a KCU work. In addition, they should vigorously carry out the campaign to earn the titles of Honorary Red Banner School and Honorary Red Banner Class. By so doing, they should bring up all KCU members to be our party's genuine sons and daughters who are infinitely loyal to the party and the leader.

Our KCU members have worthwhile and glorious missions before the country and the revolution. Indeed, our party and the people have great expectations of the KCU members.

The WPK Central Committee firmly believes that the entire KCU members will brilliantly meet the party's great belief and expectations, by single-heartedly uniting themselves in firm unity around the party and the leader, firmly preparing themselves to be the garrison for communist construction and future youth vanguards and gloriously carrying out their missions and duties.

The WPK Central Committee
3 June, 1991

Daily Views Children's Union Anniversary

SK0806130391 Pyongyang Korean Central Broadcasting Network in Korean 0008 GMT 6 Jun 91

[NODONG SINMUN 6 June editorial: "Let Us Firmly Prepare Children's Union Members To Be Successors of Chuche Revolutionary Cause"]

[Text] All people and Children's Union members significantly are welcoming the 45th anniversary of the founding of the Korean Children's Union, a revolutionary mass organization of our children that will steadfastly succeed the chuche revolutionary cause.

On the occasion of this day, the whole nation enthusiastically is congratulating the Children's Union members who are growing up in the bosom of our party to be true sons and daughters of the nation, possessed with knowledge, virtue, and healthy bodies, and who are growing up to be reliable and able workers of the future.

The founding of the Korean Children's Union inheriting the red flag of the Saenal Juvenile Union and the Anti-Japanese Children's Corps personally organized by the great leader Comrade Kim Il-song in the period of the anti-Japanese revolutionary struggle, was an epoch-making event of historical significance in the development of the children's movement of our country.

Over the past 45 years since its founding, the Korean Children's Union has walked a truly worthwhile and glorious course. With endless hope and aspiration, our Children's Union members learn to their heart's content and live happily; they have been firmly preparing to be young patriots and revolutionaries who are to undertake the future of the fatherland, amidst the party's great love and consideration in which it spares nothing for the future generations.

In our country the new generations who grew up in the Children's Union became reliable chuche-type revolutionary fighters, defenders of the fatherland, and builders. Thus, they are vigorously carrying out the revolution and construction.

The Children's Union members, our rising generation, have invariably traversed a course of loyalty under the guidance of the party and the leader in the glorious days and rigorous days and are growing up to be reliable successors to the chuche revolutionary cause. This is one of the most precious exploits of our party and a great joy and pride of our people.

The dear leader Comrade Kim Chong-il has taught: The younger generation are the people who are to carry forward the chuche revolutionary cause. The victorious advance of our revolution and its future depend largely on how we educate and indoctrinate them, the heirs to the revolution.

The revolutionary cause of the working class is an historic feat, completed after going through many generations; and correctly educating and indoctrinating the new generation who are the next generation of the revolution is a fundamental guarantee in firmly maintaining the revolution.

Our revolution is being intensified toward a higher stage. This reality desperately demands that the indoctrination of the new generation be well carried out further.

The dear leader Comrade Kim Chong-il wisely guides the work of bringing about an epoch-making turning point in the work of youth and children as demanded by the developing reality.

The dear leader Comrade saw that the first national meeting of the Children's Union in history was convened this time and sent a congratulatory message of the party Central Committee to the participants in the meeting. This was a great honor for the Union.

All the Children's Union members of the whole nation are wrapped up in endless gratitude and are filled with blazing determination to repay the party's great love and trust through loyalty and filial piety.

The congratulatory message sent by the party Central Committee to the participants of the national meeting of the Children's Union will serve as a programmatic guideline in bringing about a new turning point in the Children's Union work as demanded by the developing revolution.

The educational institutions and Children's Union organizations should fulfill the tasks set out in the congratulatory message by the party Central Committee to the participants of the national Children's Union meeting. By doing so, all the Children's Union members must be firmly prepared to be successors of our revolution and youth vanguard of the future.

Most of all, we must put priority interest to and vigorously carry out the ideological and indoctrination work to arm the Children's Union members with our party's revolutionary ideology and invincible chuche idea.

Educational institutions and Children's Union organizations should bring our new generations up as sunflowers of loyalty that think and act according to the intent of our party under any circumstances by substantively conducting the indoctrination on the chuche idea for members of the Children's Union in various forms and methods suitable to their nature.

Loyalty of the members of the Children's Union to the party and leader is what counts most and making a good job of indoctrination on loyalty is one of the basic questions arising in inheriting the revolutionary cause.

All the members of the Children's Union should be brought up, as were the members of the anti-Japanese Juvenile Corps, as children loyal and pious, who always trust and follow none but our party, both in peace and difficult times, and implement the party's lines and policies by vigorously carrying out the indoctrination on the loyalty among them, linking it closely to the indoctrination on the revolutionary traditions.

The Children's Union organizations should prepare all their members as militant rear units of the party tenaciously inheriting loyalty from generation to generation by vigorously promoting movements to emulate the great leader's glorious childhood and adolescent days and the dear comrade leader.

Our chuche fatherland in which a most superior man-centered socialist system has been established is a cradle of life, as well as a nest, that fully takes care of the new generations and brings them to full flower.

Educational institutions and the Children's Union organizations should bring up all of their members as young patriots and revolutionaries who are clearly aware of the incomparable superiority and value of our own style of socialism; who ardently love their chuche fatherland; value all the wealth in the nation; and are willing to lay down their lives for the fatherland without hesitation.

At the same time, they should make all the members of the Children's Union cherish with faith the spirit of Koreans-as-number-one, the spirit of regarding our leader and party as the greatest; our party's chuche idea and revolutionary traditions as the best; and our country's socialist system as the best.

The endless shift in generations requires that the revolutionary indoctrination and class indoctrination be strengthened even further among young generations.

Educational institutions and the Children's Union organizations should see to it that the members of the Children's Union arm themselves with the working class party's revolutionary stand and resolute fighting spirit, not forget about the past when our people were oppressed and exploited, and resolutely struggle with gushing hatred for the U.S. imperialist aggressors occupying the southern part of the fatherland even today.

Study is the foremost duty and basic revolutionary task of the members of the Children's Union. Upholding the slogan of "Study before everything else," members of the Children's Union should abide by rules governing their school life and learn studiously, wasting not even a second or a minute, to become, all of them, students who have excelled in all subjects, lengthening the ranks of the 15 July prize of excellence model classes without interruption, and acquire living knowledge that can be practically put to use in our revolution and construction under the slogan of "Let us study for Korea."

Members of the Children's Union should arm themselves with moral traits worthy of children of the chuche fatherland—loving their friends and organizations, placing the interests of the group and the revolution ahead of their private interests, sacrificing everything for the group, forming the habit of enjoying work, setting an example in obeying public morality and social order, and behaving themselves wherever they go.

The health that the members of the Children's Union enjoy serves as wealth for the country and the revolution. Educational institutions and the Children's Union organizations should see to it that all their members maintain their physical fitness through their active participation in such things as early morning calisthenics, jogging, heighth-building exercises, and sports activities of all description, and do one item of sports better than others.

The Children's Union organizations should try to assist the state finance by actively promoting various sociopolitical activities and good deeds movement and in the process prepare all the members of the Children's Union young sociopolitical activists and good managers.

The Children's Union organizations should carry out the Children' Union projects in a new and striking manner in conformity with the features of the projects and vigorously promote the movement to win the titles of the (?Glorious) Red Flag School and the (?Glorious) Red Flag Class.

Party organizations at all levels should deeply understand the significance of the new education and indoctrination for new generations, pay profound attention to the projects of the Children's Union, and in particular, guide the Children's Union organizations so that they can carry out every project in a new and striking manner, as well as in a way full of vigor, in conformity with the feature of the new generations that are sensitive to things new, full of youthful vigor, and cherish in their hearts ambitions and hopes.

To bring up members of the Children's Union as the chuche-type revolutionaries is an honorable and heavy task to be done for the indefinite prosperity of the socialist fatherland, as well as a responsible work for consummating the chuche revolutionary cause.

Party organizations, educational institutions, and youth organizations should prepare all the members of the Children's Union as credible future vanguard units of the youth and the militant rear unit of the WPK by defending and even more glorifying the immortal achievements attained by our party in deepening and developing the projects for the children and youth.

'Intellectuals' Said Increasing in Countryside

SK0706152391 Pyongyang KCNA in English 1507 GMT 7 Jun 91

[Text] Pyongyang June 7 (KCNA)—The number of intellectuals is on a steady increase in Korean countryside.

They make an active contribution to carrying out the rural technical revolution by putting farming on a scientific and technical basis as demanded by the chuche-method of farming, studying and cultivating seeds suitable to the climate of the country and contriving and manufacturing new farm machines.

Today 240,000 technicians and specialists serve in the field of agriculture.

There were only tens of technicians who graduated from colleges in the country right after liberation.

There are now 62 technicians and experts on an average on a farm.

The number of agro-engineers, associate engineers and specialists swelled by over 300 on the Paeksok Cooperative Farm, Sinchon County, South Hwanghae Province, after the publication of the rural theses.

The number of agro-engineers and associate engineers active at each workteam of this farm reached 23 on an average and 46 at maximum and hundreds of young people know how to drive tractors.

There is one technician or expert for every 3.8 farmers on the Sangso Cooperative Farm, Anju City, South Pyongan Province.

Publishing House Brings Out New Literary Works

SK0706151491 Pyongyang KCNA in English 1456 GMT 7 Jun 91

[Text] Pyongyang June 7 (KCNA)—The Literary and Art Publishing House of Korea recently published many full- and medium-length novels and collections of poems and literary works.

The full-length novel "Fiery Cloud" written by Pak Hyon gives a profound depiction of the period when the dear leader Comrade Kim Chong-il was growing up to be a communist revolutionary of chuche type, overcoming trials of the Fatherland Liberation War (June 1950-July 1953) together with the people.

The full-length novel "Rain and Wind" written by Yang U-chik on the theme of the struggle of Koreans in Japan for the development of democratic national education and the full-length novel "Spring in Korea" dealing with the historical agrarian reform in 1946 left by the late Chon Se-pong, chairman of the Central Committee of the Korean Writers Union, are popular with readers.

The publishing house also brought out the medium-length novel "Strongpoint" written by Cho Su-hoe depicting the mass heroism and matchless self-sacrificing spirit of the Korean People's Army soldiers in the sacred battle against the U.S. imperialist aggressors during the Fatherland Liberation War and the medium-length novel "A Bobbed Girl" written by Kim Un-ok, 19, a girlworker of the Kim Chaek iron and steel complex.

The novel "A Bobbed Girl" represents the worthwhile labour life of young people who bring into bloom their youthful ideal and optimism at important posts called by the Workers' Party of Korea after graduating from senior middle schools.

Besides, a collection of short stories "Sense of Obligation", a collection of scenarios "Thaw" by twice labour hero Yi Chon-ku, a collection of poems "Snowstorm of Mt. Paektu" and many other collections of works were off the press.

"Collection of Modern Korean Literary Works" Vol. 10 and "Collection of World Literary Works" Vol. 20 and 26 which contain the novel "Ivanhoe" by Walter Scott of Great Britain and the novel "The Red and the Black" by Stendhal of France will shortly be off the press.

Development of Tokchon Industrial Region Viewed

SK1106153291 Pyongyang KCNA in English
1509 GMT 11 Jun 91

[Text] Pyongyang June 11 (KCNA)—Tokchon City of South Yongan Province, which is situated at the upper district of the Taedong River in the central area of Korea, is one of main industrial regions of the country.

There are more than 70 industrial enterprises in this city.

The share of industry in the city economy is over 95 percent.

Main sectors of industry are machine, mining and power industries.

Basic in the machine industry is the motor industry created in 1958.

The Sungri General Motor Works which has been strengthened and developed as a leading production base of automobiles is mass-producing 40-ton Kumsusan, 25-ton Konsol, 10-ton Chaju-64 and 2.5-ton Sungri-5v trucks.

There is also a machine factory which produces coal mining equipment including coal car, speed reducer and chain conveyer.

The coal industry holds a big proportion in the city are also there. [sentence as received]

The Tokchon District Coal Mining Complex with a several million ton production capacity, large coal mines exclusively serving for the Pukchang Thermal Power Complex and tens of medium and small coal mines.

With the Taedonggang Power Plant commissioned in the early 80's, electricity took an important position in the industrial composition of the city.

Trucks, coal and power produced in the city take an important share in the development of the national economy as a whole.

The city also turns out more than 3,500 kinds of high-quality goods such as cement, fabrics, ironware, plastic daily necessaries, clothes, foodstuffs and so on.

Hangra (sheer silk) made by a silk mill in the city has long been widely known as a special local product.

In the past 30 years, the total industrial output value of the city has grown 8.3 times.

In the city firm supply service bases including a poultry farm, a duck farm and vegetable-growing farms are built to meet the needs of the population in the industrial zone.

Educational, cultural and health facilities were also built excellently.

In this place where there was no primary school in the preliberation days (before August 1945), five universities, two colleges and more than 50 senior middle schools and primary schools have been established.

Citizens are satisfactorily provided with free medical care and 36 hospitals and clinics.

A theatre with a floor space of 14,000 square metres, tens of cultural houses and cinema houses, a children's palace, a gymnasium and a stadium are excellently furnished.

Multi-storeyed apartments of different styles and big public buildings harmoniously arranged along the side of the Taedong River and the ridges of low mountains, and a big dam of power plant and a large pleasure ground add to the beautiful looks of the city.

A project for building a swimming pool, a wading pool and a fish farm covering 500,000 square metres which will add beauty to the landscape of the city is making rapid progress in the city.

Construction Progress of Tongil Street Viewed

SK1006110491 Pyongyang KCNA in English
1013 GMT 10 Jun 91

[Text] Pyongyang June 10 (KCNA)—The construction of Tongil Street is progressing at fast speed in Nangnang District, the southern suburbs of Pyongyang, the capital of the Democratic People's Republic of Korea.

Residential houses for 20,000 families are being built. The builders of the capital have erected one hundred and dozens of big apartment houses with an aggregate plot of more than 540 hectares in the past one year or more.

The floor space of one building is more than 128,000 square metres. V, tower, folding-screen and other shapes of apartment houses each for 1,500, 1,200 and 600 families have mushroomed in rows, presenting their grand looks.

The houses ranging from 12 to 30 stories are harmonized multifariously to suit the the lay of the land. A boulevard 120 metres in width is stretching through the new housing district. Now its roadbed, drain pipe networks, underground crossings and other underground structures are being built in the final stage. And more than 90 service facilities and public buildings are rising up in each block. Among them there are a 170 metre long service complex with cinema house, a noodle restaurant with an accommodation for 5,000 people, rice cookeries, grocer's shops and barber's shops. Nurseries, kindergartens, primary and senior middle schools are taking shape. The schools will have gymnasiums, swimming pools and auditoriums.

The construction of a large reservior for water supply and a settling basin for purifying sewage is progressing at the final stage.

More than 10,000 Pyongyang poplars have been planted in 18.5 hectares on the fringes of Tongil Street, willows on the bank of the River Taedong and pink flower acacias along the main road.

When Tongil Street which is on the opposite side of Kwangbok Street is completed before long, Pyongyang will assume more grand and splendid looks.

KCNA Review of 11 Jun Pyongyang Press

SK1106105191 Pyongyang KCNA in English 0959 GMT 11 Jun 91

[Press Review]

[Text] Pyongyang June 11 (KCNA)—Papers here today carry a message of greetings sent by President Kim Il-song of the Democratic People's Republic of Korea to Mu'ammar al-Qadhdhafi, leader of the Great September First Revolution of the Great Socialist People's Libyan Arab Jamahiriyah, on the occasion of the 21st anniversary of the dismantlement of the U.S. military base in Libya.

NODONG SINMUN reports that the British paper RAUL CAR carried the speech of the great leader President Kim Il-song at the opening session of the 85th Inter-Partliamentary Conference.

Carried in the paper are letters to the great leader President Kim Il-song and the dear leader Comrade Kim Chong-il sent by the late Comrade Ho Chong-sok who was a member of the Central Committee of the Workers' Party of Korea, before her death.

MINJU CHOSON allocates one whole page to a story of the benevolent love shown by President Kim Il-song to Kang Yun-pom who shared the same will and fought together with him on the road of the Korean revolution and to his family members.

"The great leader President Kim Il-song is the great man in the world", stressed the minister of foreign affairs and international cooperation of Tanzania and the deputy editor of the Egyptian paper AL AKHBAR who visited our country, according to NODONG SINMUN.

The paper reports that the Portugal-Korea Friendship Association published a special issue of bulletin on the occasion of the birthday of President Kim Il-song echoed in the paper are voices of [word indistinct] are a people ardently revering Comrade Kim Chong-il.

According to the paper, the chairman of the Finland national committee for the study of the chuche idea stressed that Comrade Kim Chong-il's work "Our Socialism for the People Will Not Perish" is a great program for socialist revolution and construction.

Frontpaged in the papers is the full text of a joint statement issued by political parties and public organisations of the Democratic People's Republic of Korea in connection with the ever more grave nuclear threat of the United States to us.

NODONG SINMUN says that more revolutionary relics in the period of the anti-Japanese revolutionary struggle have been displayed at the Korean revolution museum.

The press gives an account of a Pyongyang meeting held to commemorate the 65th anniversary of the June 10 anti-Japanese independence movement (June 10, 1926).

MINJU CHOSON in an article dedicated to this occasion calls for a vigorous struggle for democratisation against the outside forces in South Korea.

Econews of the press includes reports about increased livestock products and powerful assistance to the countryside.

MINJU CHOSON comes out with an editorial titled "Let Us Achieve the Cause of Independence, Democracy and Reunification Through Massive Struggle" on the occasion of the fourth anniversary of the June popular uprising of the South Korean people. In a commentary NODONG SINMUN condemns No Tae-u for expressing "sympathy" with those hospitalized riot policemen who got wounded while cracking down on demonstrations.

Given in the press is an account of meetings denouncing the brutal murder of South Korean students held throughout the northern half of the country. Some 1,100 dissidents of South Korea demanded the abolition of the "National Security Law", says the press.

NODONG SINMUN runs an article denouncing the No group for its reimprisonment of Rev. Mun Ik-hwan, patriotic figure for reunification.

"Reunification of Korea is Important Matter to be resolved in International Politics" is the title of an article of MINJU CHOSON.

Meetings demanding an early normalization of Japan-Korea relations were continually held across Japan and a general meeting of the Wiener Neustadt Branch of the society for the promotion of the relations between Austria and the Democratic People's Republic of Korea was held, says the press.

Included in the international news columns of NODONG SINMUN are reports that the Palestinian president condemned Israel for air raid on Lebanon, the King of Jordan called for the international mediation of the Mideast problem, the Kenyan president called for unity of South African natives, the Mongolian People's Revolutionary Party criticised activities and politics of the parliament and the government, the unemployed is increasing in the eastern part of Germany and a Czechoslovak paper pointed to the worsening economic situation.

A spokesman for the Chinese Foreign Ministry regretted over the adoption of a "bill of rights" by the Hong Kong Legislative Council, says the press.

The press observes the 21st anniversary of the dismantlement of the U.S. military base in Libya.

NODONG SINMUN carries an article captioned "the U.S. imperialists' policy of strength seen through military budget". An article of MINJU CHOSON says that the 27th summit conference of OAU heads of state and government was a meeting of great importance in the independent development of the continent. dd

South Korea

North May Sign Nuclear Accord Unconditionally

SK1106135491 Seoul YONHAP in English 1340 GMT 11 Jun 91

[Text] Vienna, June 11 (OANA-YONHAP)—Pyongyang will sign the Nuclear Safeguards Accord of the International Atomic Energy Agency (IAEA) without demanding the withdrawal of U.S. nuclear warheads from South Korea as its precondition, said North Korea's roving Ambassador Chin Chong-guk attending at the IAEA Board of Governors' meeting here on Tuesday.

Speaking to South Korean reporters here, Chin said that the decision was made after a U.S. State Department delegation expressed Washington's willingness to have negotiations on the nuclear affairs during its visit to Pyongyang last month.

Chin added that another U.S. delegation is slated to visit Pyongyang by the end of this month to discuss the matter.

The North Korean diplomat brushed aside the possibility that Pyongyang's signing of the accord might be delayed to next year owing to differences over the wording of the agreement, saying, "I don't think the work of revising the words would take a long time."

Asked whether Pyongyang would be ready to allow all of its nuclear facilities to be inspected by the IAEA after the signing in September, he said, "all are manifested in the agreement. We will fully respect it."

As for the move by eight nations, including Japan and Australia, to submit a resolution calling for international inspection of North Korea's nuclear facilities to the Board of Governors' meeting, he said Pyongyang could cancel its decision if they kept on pressing ahead with it.

North Korean in U.S. Urges Nuclear Conference

SK0906012691 Seoul KBS-1 Television Network in Korean 1200 GMT 8 Jun 91

[Report on interview with Han Si-hae, vice chairman of the North Korean Committee for the Peaceful Reunification of the Fatherland (CPRF), by Na Hyong-su, Washington correspondent, on 8 June]

[Text] Han Si-hae, the North Korean CPRF Vice Chairman, who is on a visit to Washington as chief delegate of the North Korean Christian delegation, in his meeting with relevant officials from the U.S. State Department, has newly proposed forming a special conference between the United States and North Korea to discuss the nuclear issue. In his news conference held in Washington yesterday, he, in acknowledging the fact that he had made the proposal for forming the conference, predicted that if North Korea and the United States discuss the nuclear issue at the conference, a settlement could be reached.

He expressed the position that if the United States withdraws its nuclear weapons and guarantees that it will not use them against North Korea, North Korea will accept the nuclear inspection at any time. He also said: Therefore, if we discuss the issue seriously at the talks between the United States and the DPRK, it will be resolved.

It has been learned, however, that Solomon, assistant secretary of the U.S. State Department, refused the proposal by conveying the position to him that talks on the nuclear issue without South Korea would be inconclusive.

Change Urged in Nuclear Policy on Peninsula

SK0906103691 Seoul CHUNGANG ILBO in Korean 8 Jun 91 p 3

[Editorial: "Imminent Debates on Nuclear Weapons on the Korean Peninsula"]

[Text] Given the nature of debates on nuclear weapons on the Korean peninsula, debates which have become so frequent in recent months, it now seems to be about time that we took measures to cope with situations that are expected to develop in the future.

At the heart of the debates is how to keep North Korea from developing nuclear weapons and how to define our government's stand on U.S. nuclear policy for the defense of Korea. For about a year now, some in the United States have drawn our keen attention by raising their voices insisting that Korea does not need nuclear weapons in its territory or that nuclear weapons already deployed in Korea should be withdrawn.

This was the main issue discussed at a public hearing organized by U.S. House of Representatives subcommittee on Asian and Pacific Affairs last July and it was again discussed at a meeting of the Heritage Foundation last September. In addition, this subject has been discussed by scholars, government-funded research centers, and the press, including a policy report compiled by ROK-U.S. Committee last February, the U.S. quarterly magazine FOREIGN AFFAIRS in its Spring issue, and THE NEW YORK TIMES last May.

Some speculate that the unprecedentedly active debates may signal a shift in U.S. nuclear policy toward the Korean peninsula.

The two most important questions boil down to: Nuclear policy as a way of forcing North Korea to abandon its nuclear development capabilities and whether South Korea really needs nuclear weapons allegedly deployed in its territory or not.

Those who are involved in such debates unanimously criticized North Korea's making U.S. nuclear policy toward the Korean peninsula a condition for agreeing on the inspection of its nuclear facilities by the international organization on the grounds that allowing an international inspection of its nuclear facilities is a duty stipulated by the Nuclear Non-Proliferation Treaty.

A few suggestions made in the debates, however, are claimed to be capable of meeting North Korea's conditions in a roundabout way.

One such question wonders whether it is wise for the United States to stick to its policy of neither acknowledging nor denying the presence of nuclear weapons on the

Korean peninsula, the so-called No-Confirmation-No-Denial policy. The advocates of this theory insist that this policy is outdated given the international situation and military technology and that its vagueness can make North Korea feel even more uneasy.

Another suggestion is that if the United States finds it difficult to change its policy as such, then it should make South Korea stand in a position where it can declare "nonexistence of nuclear weapons in its territory" by choosing an appropriate timing, after watching the course of events.

Some in Korea, too, suggest that Korea, in cooperation with the United States, declare three non-nuclear principles—that it would not manufacture, possess, or introduce nuclear weapons.

Now, the debates on nuclear issues can no longer be avoided or postponed as in the past. It is about time that the government took practical steps to cope with the issue on the assumption that denuclearization is the best solution and that it is an essential issue when it comes to developing relations between the South and North.

Yi Sang-ok Discusses Separate N-S UN Entry

SK0806041091 Seoul YONHAP in English 0247 GMT 8 Jun 91

[Text] Seoul, June 8 (YONHAP)—Foreign Minister Yi Sang-ok said Saturday it would be inappropriate to link international inspection of North Korea's nuclear facilities with North Korean entry into the United Nations.

"We will further press North Korea through the cooperation of friendly countries to immediately sign the International Atomic Energy Agency's safeguards accord," Yi told a seminar sponsored by the English-language magazine DIPLOMACY.

He said the South would open channels of working-level dialogue with the North in addition to contacts between their observer missions at the United Nations to discuss procedural matters concerning U.N. admission of the two halves of the Korean peninsula.

"Domestic procedures will be completed by early next month in an extra session of the National Assembly. After consultations with friendly countries during July, we will file the application. It will be before Aug. 9," he said.

North Korea, dropping its years-long objection to separate U.N. membership of the two Koreas, announced in late May that it would apply alone. South Korea has long argued for simultaneous yet separate U.N. entry by the two sides. Korea was divided into the capitalist South and communist North at the end of World War II in 1945.

North Korea's turnaround seems to have been prompted by Chinese Premier Li Peng's visit in early May, Yi said. Li is believed to have refused to promise to veto a South Korean bid for a U.N. seat, Yi said.

He said the U.N. General Assembly was likely to admit the two Koreas on the first day of operation, Sept. 17, without voting on the Security Council's resolution but by acclamation.

Red Cross Talks' Delegate Views N-S Relations

SK0806085791 Seoul YONHAP in English 0720 GMT 8 Jun 91

[Text] Seoul, June 8 (OANA-YONHAP)—Song Yong-tae, chief South Korean delegate to inter-Korean Red Cross talks, said Saturday that North Korea's decision to join the United Nations might be a turning point that ultimately steers inter-Korean relations toward "peaceful co-existence."

"On a short-term basis, the North's decision is likely to make the Pyongyang regime strengthen its internal control," Song told a seminar on the prospects for inter-Korean talks.

Song gave a speech at the two-day seminar, co-hosted by the government-financed institute for Peace Affairs and German Research Foundation Hanns Seitel Stiftung, on how to seek ways to expand inter-Korean dialogue, exchanges and cooperation.

"North Korea, which may think it has lost face in the matter of U.N. membership, is unlikely to be positive in making progress at the inter-Korean talks immediately, though it is expected to resume them in consideration of international opinion," he said.

"Now that the ball is in the South Korean court with the North's decision, the government has become burdened with a responsibility to develop it into the substantial improvement of inter-Korean relations," he said.

"Peaceful co-existence can be finally materialized on a mid- and long-term basis if South Korean politics stabilize and North Korea discards its revolutionary strategy toward the South."

Speaking on ways to expand inter-Korean economic exchanges and cooperations, Pak Chong-sik, a senior researcher at Daewoo Research Institute, proposed that the government elevate inter-Korean trust by legal and systematic measures.

"International experience tells us that active economic exchanges have contributed to resolving political conflicts in divided nations and that the side with the superior economy has taken a more flexible attitude in talks with the other side," Pak said.

Such an attitude would not only stimulate North Korea to end its international isolation but support reform-minded people in Pyongyang, he said.

To expand social and cultural exchanges, said Hwang Sung-mo, a professor at the academy of Korean studies, it would take more time and be more difficult for older North Koreans to adjust to the changed social order than the young generation.

"The desired function of the older generation in a unified Korea is to give up their vested rights to help people mix together more easily and rapidly," Hwang said.

Soviet Official Views U.S. Presence in South

SK1106025791 Seoul THE KOREA TIMES in English 11 Jun 91 p 2

[Text] A visiting deputy foreign minister of the Russian Federation has called for the Soviet Union to "freeze all cooperation with North Korea in nuclear research and all related fields" unless Pyongyang signs the nuclear safeguards agreement with the International Atomic Energy Agency [IAEA].

Georgiy F. Kunadze said in the prepared text of his speech to a seminar now being held in Seoul, "We must be strong and uncompromising as far as the North Korean nuclear program is concerned."

The deputy foreign minister of the Russian Federation will make his speech today on "USSR-ROK: Agenda for the Future." The three-day seminar on the ROK-USSR Cooperation in a New International Environment opened yesterday at the Foreign Affairs and National Security (IFANS) under the joint auspices of IFANS, the International Trade and Business Institute of Korea and the Institute of World Economy and International Relations of the Soviet Union.

Kunadze said, "For some three years already the world community has been watching North Korean nuclear research with ever growing suspicion. And to be frank, the nuclear site at Yongbyon looks really suspicious. It is too small to produce electricity. It is too big for research."

"What is the purpose of the whole project then? The answer is not clear at all. This uncertainty alone is sufficiently enough to fuel suspicions," Kunadze said.

Kunadze, a senior member at the IMEMO [World Economic and International Relations Institute], noted the fact that the Soviet Union has already made it clear that it will stop its export of nuclear fuel to North Korea unless Pyongyang joins the nuclear safeguards accord with the IAEA and allows on-site inspection.

He went on, "My belief is that we have to do more. We should immediately freeze all cooperation with the Democratic People's Republic of Korea (North Korea) in nuclear research and all related fields."

He also suggested that neighboring countries take a joint stance on the matter.

Kunadze said, "But we should be prepared to reward North Korea" if it abides by the IAEA rules on inspection of nuclear facilities.

Touching on the prospects for future Korea-Soviet relations, Kunadze said, "It will be inherently unwise to develop a relationship at the expense of relations with others," something which will disturb the fragile construction now in place in Northeast Asia and will cause confusion to too many countries.

In practical terms, he said that the Soviet Union and South Korea should not seek a military alliance not only because this type of relationship is destined to become obsolete, but also because neither the Soviet Union nor the Republic of Korea need that alliance at the moment.

"In short, the Soviet-Korean relations should be built on the premise that the U.S.-ROK alliance is an established part of the regional stability. And another premise is that the existence of this alliance is subject to American and Korean, not Soviet, approval," he said.

He said, "My personal view is that there is nothing wrong with the American military presence in the Korean peninsula, provided that the United States is full prepared to discuss the nuclear capabilities of its forces in Korea within the process of Soviet-American dialogue on global security problems."

The American military presence (in South Korea) in general may profoundly contribute to stability in the peninsula in the absence of a comprehensive North-South detente, he added.

Kunadze cautioned that continued domestic controversy in South Korea about the presence of the U.S. forces may jeopardize stability, making the whole scheme counterproductive.

China Trade Council To Issue Visas to Koreans

SK0806055391 Seoul YONHAP in English 0511 GMT 8 Jun 91

[Text] Seoul, June 8 (YONHAP)—South Korean businessmen will no longer have to go to Japan or Hong Kong to get visas to enter China as the Seoul office of the China Council for Promotion of International Trade (CCPIT) will issue visas from Monday, the Korea Trade Promotion Corp. [Kotra] said Saturday.

The change is likely to promote consultations between companies in Seoul and Beijing and raise bilateral trade to 5 billion U.S. dollars, the state-run company said.

The government has projected this year's trade at 4.5 billion dollars, with exports of 1.8 billion dollars and imports of 2.7 billion dollars.

In the first quarter, Korea exported 422 million dollars of goods to China and imported 584 million dollars worth.

Korea and China lack diplomatic relations.

First Quarter USSR, China, E. Europe Trade

SK0906034291 Seoul THE KOREA TIMES in English 9 Jun 91 p 8

[Text] Korea's trade with "northern countries" is exploding at a rapid pace.

Northern countries usually refer to former socialist countries in East Europe, the Soviet Union and China.

According to statistics release by the International Private Economic Council of Korea (EPECK) yesterday, two-way trade between Korea and northern countries during the first four months of this year totaled $1.85 billion, up 51.6 percent from the same period of last year.

Korea exported $706 million worth of merchandise to northern countries while importing $1.14 billion from the countries, the statistics showed.

Korea's trade with China surged 46.0 percent to $1.07 billion with trade imbalance running deep in favor of China. While Korean exports to China stood at $223 million, imports from the communist giant climbed 47.8 percent to an enormous $853 million.

Korea's trade with the Soviet Union amounted to $362 million during the four-month period, up 45.4 percent from a year ago. Shipments to the Soviet Union were valued at $151 million, up 11.0 percent, while imports from the country totaled $211 million, up 86.9 percent.

Analysts said Korean exports to the Soviet Union will begin to pick up in the latter half of this year centering around consumer products.

Korea's trade with East Europe totaled $352 million with trade performances running in favor of Korea. Korean exports surged 106.9 percent to $289 million while imports stood at $636 million, up 12.4 percent.

Among the East European countries, Poland was the biggest trading partner for Korea. Two-way trade between Korea and Poland amounted to $198 million, up 611.4 percent, with exports reaching $161 million and imports shown at $37 million.

The significant rise in Korean exports to Poland was attributed largely to an explosion in import demand of consumer products such as television sets and refrigerators.

Korea's trade with Vietnam also showed robust growth. Exports to Vietnam climbed 61.1 percent to $40 million while imports from the communist country rose 20.1 percent to $14 million.

Meanwhile, Korea registered $436 million in the red in its trade accounts with northern countries during Jan-April.

Liberalized Distribution of Foreign Goods Viewed

SK1106030691 Seoul THE KOREA TIMES in English 11 Jun 91 p 8

["News in Review" by assistant economic editor Pak Chang-sok]

[Text] Sony TV, Yamaha piano, Minolta camera, Lanvin necktie, Christian Dior cosmetics, Maytag washing machine, General Electric refrigerator... These are world-renowned brands, currently seen only in bonded area at airports or limited foreign goods corners in large department stores. But, the situation may be entirely different in three weeks. Koreans will be able to buy foreign popular brands easily at supermarkets or small convenience shops in their villages from next month when powerful foreign wholesalers are likely to rush in under the liberalization of distribution market.

A massive "aid raid" [as published] by such economic powerhouses as the United States, France, and Japan is expected to hit the Korean wholesale and retail markets from July 1. The entry by foreign legions, armed with enormous capital and updated technology, will no doubt have a disastrous effect upon the domestic distribution industry, which is in the infant stage.

Permitting foreign distribution is only the beginning of Korea's liberalization programs. On a turbulent wave of liberalization and internationalization, the gate of the domestic market is on the verge of being unbolted at a breath. Outside pressure on market opening is endless. Rice, capital, and service markets are all that Korea has been pressured hard to open in bilateral or multilateral bargainings. Korea's ability to respond to the challenges of liberalization and internationalization is deemed helpless. The government seems to be at its wit's end to answer the tides of global market opening.

After the American triumph in the Gulf war, the world economic milieu has been rapidly changing. In a recent get-together, ministers from the Organization for Economic Cooperation and Development (OECD) a grouping of 24 industrialized economies, agreed that the Uruguay Round talks on free trade were top priority and should preferably be completed by the end of this year. On top of this, senior negotiators of the General Agreement on Tariffs and Trade (GATT) agreed on a tight timetable of work so as to achieve the breakthrough necessary to complete the Uruguay Round negotiations by the end of this year. These are seen as "important developments" in the five-year tortuous bargaining which negotiators have held back in setting a new deadline after the talks broke up in acrimony owing to a bitter row over farming subsidies.

Last week, Japan assured the United States of a partial opening of its rice market during talks between their top agricultural policymakers in Copenhagen bowing to the tenacious American pressure. This is seen as another significant development in the global grain trade, which is sure to have a great effect upon Korea's rice policy. In other words, if Japan opens its rice market to foreigners, Korea has no choice but to follow suit although the government has repeatedly vowed to exclude rice from the free trade.

On top of this, from the latter part of this year, foreign banks and securities companies will be able to do business freely under the same conditions applied to their domestic counterparts. They are permitted access to on-line computer networks and the stock exchange system. Direct investment by foreigners in domestic stocks will be allowed next year.

Another problem Korea should grapple with is the intensification of economic regionalism. Worthy of note in regard to the regionalism is the birth of a single market within the European Community (EC) scheduled for 1993, and the creation of a hemispheric free-trade zone by the United States, Canada, and Mexico. It is the general trend for the regional economic grouping to ensure non-tariff free trade for bloc members in order to protect the interests of insiders, while becoming more protectionist against nonmember outsiders.

Korea, caught up in an economic malaise caused by runaway inflation and stunted exports, faces hard times to weather market-opening pressures on one hand, while elbowing through the growing protectionist movements arising from the economic regionalism on the other.

Ahead of their inroads into the Korean distribution market, Japanese wholesalers have threatened that they can ruin the Korean market within six months, taking Taiwan as a good example. It took less than two years for Japan to eat up the Taiwanese distribution market. Since the Republic of China opened its electric appliance market in 1986, Japanese market share almost doubled or tripled.

The opening of distribution, rice, finance, and capital market is totally different from the commodity imports. It is not simple and its effects may be far-reaching and tremendous—enough to shake the roots of the national economy.

Problems cannot be solved through merely relying on people's patriotism. It is not a matter of emotion but a matter of actual interest. Fundamental practical steps are in order to raise competitiveness of all industries in the whirlwinds of internationalization and liberalization. Consumers always want better quality and services. It is an unchangeable truth in business.

Nationwide Antigovernment Protests on 8 Jun

SK0906031291 Seoul THE KOREA HERALD in English 9 Jun 91 p 3

[Text] Street clashes between police and protesters erupted again in 16 major cities yesterday as the protesters tried to hold simultaneous antigovernment rallies across the nation.

The clashes took place as police scuttled the planned rallies dubbed as "the fifth pan-national rallies against oppressive politics and for ousting of the No Tae-u regime."

In Seoul, thousands of antigovernment protesters, mostly college students, were to have a rally at the City Hall Plaza, but police blocked the area earlier.

As their rallies were foiled, the protesters clashed with riot police, exchanging tear gas shells and firebombs, in city centers. Some held antigovernment protests occupying downtown streets.

The protesters, chanting antigovernment slogans, continued sporadic street demonstrations until late in the evening.

They denounced the government for reimprisoning the Rev. Mun Ik-hwan, the well-known dissident leader, for violating the terms of his parole.

They also condemned the government's move to crackdown on dissident figures, describing it as an attempt to return to the "suppressive politics" taking advantage of the June 3 student violence against acting Prime Minister Chong Won-sik.

To disperse the ralliers and demonstrators, 42,000 riot police troopers were mobilized across the country, with 15,000 in downtown Seoul.

Police said some 20,000 protesters participated in the nationwide rallies and demonstrations, a much smaller number than in previous ones during the past six weeks.

Similar rallies and demonstrations took place in such other cities as Pusan, Kwangju, Taegu and Taejon, and observers said it was virtually the end of six-week-old turmoil caused by the fatal police beating of a student demonstrator in Seoul April 26.

In Pusan, some 2,000 students clashed until late in the evening with riot police after having a rally.

In Taegu, some 1,000 student had similar street clashes with police, chanting antigovernment slogans.

In Kwangju, thousands of protesters held a funeral rite for Kim Chol-su, a high school student who died June 2 after setting himself alight May 18. The funeral service for Kim is scheduled today. Later in the day, they clashed with riot police, hurling stones and firebombs.

In Seoul, the National Teachers' Union, or Chonkyojo, held a memorial service for Kim at Dongguk University.

On Friday, the "pan-national committee," a coalition of 55 dissident groups that organized the rallies, said its goal is to "succeed the spirit of the June struggle of 1987, to stop the government from strengthening its heavy-handed rule and diverting popular attention to the June 20 local elections."

A set of police raids and arrests have hit universities, strike-ridden companies and dissident groups since acting Prime Minister Chong was pelted with eggs and flour by several dozen students of Hanguk University of Foreign Studies Monday evening.

The pan-national committee, which has led antigovernment protests since late April, denounced police for breaking up the planned rallies, "which would otherwise have been peaceful protests."

Earlier yesterday, police said most of the rallies would not be permitted as they would cause traffic problems. The only exception was in Chongju, the provincial capital of Chungchongbuk-do, where the protesters had an indoor antigovernment rally at a gymnasium.

In the previous four nationwide demonstrations, 233,000 protesters participated, 51,000 firebombs were thrown by them and 35 government and public buildings were damaged, police said.

Meanwhile, Paek Hospital, where the body of a college coed killed during a street demonstration was being kept, regained peace yesterday as some 300 students who had stood guard retreated and removed barricades they had set up.

The students, who had kept guard at the morgue of Kim Kwi-chong, a Songgyunkwan University coed, since May 25, left the hospital Friday night after removing firebombs, stones and barricades, as Kim's autopsy was performed.

'Citizens Alliance for Clean Living' Formed

SK0906035391 Seoul THE KOREA TIMES in English 9 Jun 91 p 3

[Text] Citizens across the nation have joined their hands to restore social order by launching a morality campaign in the wake of massive anti-government movements by radical student and dissident forces.

The National Citizens Alliance for Clean Living began its activities yesterday in 15 major cities and provinces with some 120,000 citizens from all walks of life.

In the inaugural meeting of the Seoul chapter at the Sejong Cultural Center in downtown Seoul, alliance chairman Kim Tong-su noted that the state of the nation has plunged to a level where "students see it fit to assault their teacher."

Kim said, "The social unrest gripping the nation at the present time cannot but be seen as the result of an absence of humanity and morality. We must help ourselves by getting involved in discouraging the escalating violence in our society.

"We can no longer idly stand by and hope that others will do the work of securing a healthy social environment," he stressed.

Former, deputy prime minister Yi Han-pin, who was invited by the alliance as the guest speaker, told 4,000 participants of the meeting that crime and violence have no place in society.

"The ever-increasing level of crime and violence in our country can only be arrested if citizens consolidate their strength to oust the evil forces. We must be willing to pay the price for the preservation of peace and morality in this society," Yi said.

"Only through contributing directly to clean and correct ways of life," he added, "can we hope to achieve the unification of our fatherland in this era of expanding international thaw."

Among the objectives adopted by the meeting were observing the law strictly to set the proper example, pursuing an austerity program and contributing to fair local council elections June 20.

Joint Campaign Rallies for Elections Begin 8 Jun

SK0906041091 Seoul THE KOREA HERALD in English 9 Jun 91 p 2

[Text] Joint campaign rallies for the June 20 large-unit local council elections started yesterday amid reports that the ruling party has been pressuring many pro-government independents to quit to help more of its own candidates get elected.

Campaign rallies were held in two provincial cities, Kunsan, a port city in Chollabuk-do, and Kumi, an industrial city in Kyongsangbuk-do, yesterday afternoon.

Each candidate can speak up to 20 minutes at joint rallies. Candidates are denied individual rallies.

To get around the restrictions, parties stage the so-called "solidarity" rallies in which only party members are supposed to participate but usually many nonparty members attend.

Today, joint rallies arranged by election management offices will be held in 438 of the total 866 constituencies, including 115 of the 132 in Seoul.

Candidates with party affiliations are expected to unveil their election pledges to set the tone of the campaigning, and the unexpectedly high number of independents are likely to take issue with the faults of the established parties.

Political corruption, pollution, real estate speculation, inflation and campus unrest will probably become the main issues, according to political observers.

Opposition parties, meanwhile, have contended that the ruling party has been pressuring independents who bolted from the party to drop out of the race to give its candidates more chances in the coming second round of local council elections. The first round, the first in 30 years, was held on March 26.

The main opposition New Democratic Party [NDP] has sent a team of party officials to Puyo, Chungchongnam-do, to probe the allegation that the Democratic Liberal Party [DLP] has forced several persons who had planned to run in the area on the NDP ticket to change their mind and stay out of the balloting.

Officials of the splinter Democratic Party [DP] yesterday visited the Central Election Management Committee [CEMC] in Seoul to protest against the "bad conduct" on the part of the ruling party leadership. Yi Pu-pong, a vice president, and Yi Chol, secretary-general, met with Kim Pong-kyu, vice secretary-general of the CEMC.

Kim said the CEMC would not intervene in the "furor" over the independents, DP sources said.

Leaders of the ruling party have publicly threatened to mete out punishment against eight leading local party members who allegedly prodded some former party affiliates not to run in the elections as independents.

In a development, party leaders are touring provinces to drum up support for their candidates. Kim Chong-pil, a co-chairman of the ruling party, hit the hustings in the Inchon suburb of Puchon, addressing a rally at Puchon citizens hall.

DLP secretary-general Kim Yun-hwan will make a four-day tour of North Kyongsang province, and DLP Executive Chairman Kim Yong-sam and other key post holders will go stumping in Kangwon, Chungchong and Cholla provinces.

Kim Tae-chung, president of the NDP, will hold a rally in Cheju today and tour Chungchong provinces to lend his weight to the campaigns of NDP candidates. Yi Ki-taek, president of the DP, will attend rallies in Ulsan and Kyongsan today and go on to the Chungchong provinces early next week.

Candidate registration for the local elections ended Thursday with 3.3-to-1 competition for the 866 seats and a surprisingly high number of independents. A total of 2,877 candidates registered.

The DLP fielded 839 candidates, NDP 556 and splinter DP 469.

Independents totaled 967, or 33.6 percent of the total, outnumbering any other group. Many of the independents are those denied party tickets.

The election will choose members of 163 councils in six city and nine provincial councils in the second set of polls reinstating local autonomy.

Election Management Committee Views Corruption

SK1106033391 Seoul YONHAP in English 0245 GMT 11 Jun 91

[Text] Seoul, June 11 (YONHAP)—Of 98 violations of the election law in the first four days of campaigning for local elections, almost all were committed by the ruling and opposition parties rather than independents, officials of the Central Election Management Committee [CEMC] said Tuesday.

Although all the parties say they want fair elections, they are actually engaged in excessive and corrupt campaigning, the officials said.

The local elections are a preliminary to the general election next year and the presidential election late next year or early 1993 and so the parties have a lot at stake.

Among the most prevalent forms of illegal campaigning are wining and dining voters and giving them cash, putting pressure on rival candidates to drop out and mudslinging attacks on opponents.

The parties are creating an atmosphere in which illegal campaigning seems normal, the officials said.

Political parties are hiring so many people to work on their campaigns that there is a serious labor shortage in rural areas.

They are paying campaign workers 50,000 won to 100,000 won (70-140 U.S. dollars) a day in regions where the average daily wage is 20,000-30,000 won.

Opposition parties claim the CEMC's "arbitrary" interpretation of election laws suppresses their activities, but the CEMC officials said the elections are to pick representatives of local communities and the opposition parties should refrain from "excessive intervention."

Ruling Democratic Liberal Party Executive Chairman Kim Yong-sam and two co-chairmen began a campaign tour on Monday that will last until the eve of election day, Secretary-General Kim Yun-hwan has been making campaign speeches in north Kyongsang Province since Saturday and other post-holders are active in their constituencies.

NDP [National Democratic Party] President Kim Tae-chung and Yi Ki-taek, president of the splinter Democratic Party, are also on campaign tours.

* Trade Association Revises Report on Exports

912C0183A Seoul HANGUK KYONGJE SINMUN in Korean 9 Mar 91 p 3

[Article by reporter Yi Hak-yong: "Automobile and Electronics Industries Will Benefit From the Strong Japanese Yen; Manpower Problem and Lagging Technological Development Are the Obstacles"]

[Text] Stabilization of oil prices due to the early ending of the Persian Gulf War and the continued strength of the Japanese yen are the two contributing factors to the favorable outlook for our export industry.

The international oil price, which was over $20 a barrel last year, has now come down to an upward of $10 a barrel range in spite of the Gulf War and is expected to stay at about the same level for the time being. The price of raw materials in the world market also appears to be following the same trend. In spite of the temporary comeback of the U.S. dollar after the allied forces' overwhelming victory in the Gulf War, the general trend is still a strong Japanese yen against a weak U.S. dollar in the foreign exchange market.

Some people even anticipate a repeat of Korea's past export performance when all three values, the inflation rate, energy price, and Korean won against foreign currency, were low. Some analysis of the current situation compares it with the 1980's when the outside variables worked so favorably that the country, for the first time in history, had a trade surplus.

Considering all the latest changes in the world economy, the Korea Foreign Trade Association's report, revised and published on 6 April, predicts $70.5 billion worth of exports this year, an increase of $1.5 billion from its estimate at the end of last year.

Although the exact scope of its effect cannot be estimated, our share of the exports to the Middle East for the region's recovery from the Gulf War will also favorably affect the country's export industry. While trading companies, dealing with textile and electronics industries in general, are busy formulating their business strategies to secure their share of the Middle East market, some automobile and electronics industries are already enjoying the special demand from the Middle East.

The Korea Foreign Trade Association's latest report anticipates the products of heavy industries such as shipbuilding and electronics will benefit more from the recent world events than the products of light industry such as textiles. The products of light industries such as textiles and toys have already lost the competitive edge in the world market due to the wage increase of our workers, and the continued strength of the Japanese yen, and the special Middle East situation will not make much difference now. On the other hand, in the case of the electronics industry, since consumer goods such as TVs and VCRs are still competitive in the world market, the export industry's future appears bright as long as the Japanese yen stays strong.

The Korea Foreign Trade Association's report is based on the expectation that this year's oil price will come down to an average of $18 a barrel from last year's average of $28 a barrel, and that the Japanese yen will change little from last year's 145 yen per U.S. dollar ratio and may even come to a ratio of 130 yen per U.S. dollar this year. According to this report, industries which will be most favorably affected by these two outside variables are the heavy industries which still remain competitive in the world market. Some sources close to the Trade Federation, however, dispute that these outside factors can turn the country's sagging export industry around to the level comparable to the 1980's prosperity, so called "the era of three low values" characterized by the low fuel price, low interest rate, and low won value against foreign currency. Compared to the 1980's, Korea has lost much of the competitive edge in the world trade and its economic strength has weakened in general. Moreover, the advanced nations are not expected to recover from their current economic recession in the near future.

The director of the National Research Department at the Korea Foreign Trade Association, Kim In-kyu, explained, "The economies of the advanced countries, which are the most important markets for our export industry, were already stagnant before the Persian Gulf War, and it is unreasonable to expect a sudden surge in our export industry merely on the basis of some extra trade to the Middle East." The United States is expected to maintain the low economic growth rate of about 1 percent this year. The possibility of high interest rates in the EC and Japan is another factor to be considered.

In spite of our export industry's expectation to benefit from the Japanese yen's continued strength since the latter half of last year, the industry has not benefited substantially from the situation, making the business world uneasy. Although some electronics and needleworks industries are doing better lately, the consensus of opinion is that it is difficult to expect an export boom similar to the mid-1980's when the Japanese yen was gaining strength. Daewoo Industry's director, Hong Se-hi, says, "Since Japanese industries had anticipated the effect of a strong yen in the world trade, they have fully prepared to cope with the situation by producing their mid/low priced merchandise overseas, and the effect of a strong Japanese yen will not be felt until the ratio reaches at least 110 yen to a U.S. dollar."

In fact, Japan has moved most of her electronics and textile industries to the developing countries in Southeast Asia. Since the wage scale in these countries is still low, the merchandise produced there is much more compatible in the world market.

Most of the merchandise thus produced in the Southeast Asian countries is reimported to Japan, while some of it is directly exported to the United States or to the EC, compensating the effect of strong yen value.

Under these circumstances, the Korea Foreign Trade Association's report estimates our trade surplus with the United States will diminish more than half from the last year to $1 billion, while our trade deficit against Japan will increase to $6.7 billion this year.

Regarding the competitiveness of our export industry in general, an unfavorable element such as wage increase of our workers is more than enough to offset the beneficial effect of a strong yen value.

Hyundai Trading Company's vice president, Kim Tong-sik, explained, "$800 million worth of consumer goods to be exported to the Soviet Union with deferred payment as well as a small scale economic recovery in the United States and other advanced countries after the successful Gulf War give some hope for our export industry this year." He also mentioned, however, that "poor conditions within our country, such as inferior quality of goods and insufficient port facilities give rise to problems." The Korea Foreign Trade Association's report also expressed a rather pessimistic view that "although a strong Japanese yen and low energy cost will help our export industry somewhat, the situation is still not very good due to the manpower shortage and slump in technological development."

Choe Se-hyung, a director at the Korea Foreign Trade Association, thinks that "since the manpower and technology situations cannot be resolved in the near future, we must try harder to take advantage of the current, favorable conditions and apply a more progressive foreign exchange policy." Moreover, specialists in the export industry all agree that, we must regain the competitive edge in trade by lowering the energy price within the country to match the trend in the international oil price and by stabilizing worker's wages.

$48.8 Billion Planned for Agro-Fishery Sector

SK0806085591 Seoul YONHAP in English 0605 GMT 8 Jun 91

[Text] Seoul, June 8 (YONHAP)—South Korea intends to spend 35.4 trillion won (48.8 billion U.S. dollars) over the next 10 years on an industry restructuring program aimed at ensuring competitiveness in the agro-fishery sector following the wrapup of the Uruguay Round trade negotiations.

The special account for the promotion of improvement in rural towns would contribute 1.1 trillion won a year for a total of 10 trillion to 12 trillion won, and the remaining 23 trillion won would come from state subsidies, loans, provincial finance and farmers and fishermen, according to chief policy planners of the government and the ruling Democrtic Liberal Party Saturday.

The blueprint designed to rescue the ailing agriculture and fishery from expected doldrums in the wake of the multilateral global negotiations, was reported to President No Tae-u.

Money in the special account would come from tariffs on farm and marine imports and from value-added taxes on animal feed, livestock, farm implements and materials (550 billion won), fees for building permission on farm and forest land (200 billion to 300 billion won) and from the general account and other supports (250 billion to 350 billion won).

Creation of the account is part of the basic plan for promotion of structural development in farm and fishing towns.

It also includes plans to strongly push to keep rice off the list of opening in the Uruguay Round trade negotiations.

The government will continue its "dual price policy" for rice, in which it purchases rice from farmers at high prices and sells it to consumers at lower prices.

The plans also call for revising laws to give incentives to farmers, including reducing the inheritance taxes on farm land and slashing interest rates from 5 percent to 3 percent for loans to farmers to buy farm land.

It also proposes completing realignment of 1.1 million Chongbo (1.09 million hectares) of farm land by the year 2001.

No on Reform in Farming, Fishing Industries

SK0806085691 Seoul YONHAP in English 0616 GMT 8 Jun 91

[Text] Seoul, June 8 (YONHAP)—President No Tae-u told government and ruling party officials to carry out structural reforms of the farming and fishing industries through long- and short-term measures Saturday.

After being briefed on a plan to revamp Korea's farming and fishing industries by La Ung-pae, chief policy-maker of the Democratic Liberal Party [DLP], No said the plan should be implemented in spite of any difficulties. It was drawn up by the government and the ruling party.

"National development is unthinkable without the development of farming and fishing villages. The political circles have dealt with agro-fisheries issues in a rather short-sighted way due largely to partisan interests. Now, the political circles should adopt a new approach and seek long-term measures for the development of farming and fishing villages," the chief executive said.

As the restructuring would require a sizeable budget, No said the government and DLP should closely cooperate to raise the cash by readjusting budget expenditures.

Officials should rack their brains on how to use the Uruguay Round trade talks as an opportunity to improve the lot of the nation's farmers and fishermen, he said.

The briefing was attended by Rep. Chong Chang-hwa, chairman of the National Assembly Agriculture and Fisheries Committee: Rep. So Sang-mok, DLP chief of policy coordination: Chong Hae-chang, presidential secretary-general: Kim Chong-in, senior presidential secretary for economic affairs: and Son Chu-hwan, senior presidential secretary for political affairs.

First Quarter Petroleum Imports Increase Noted

SK0806024491 Seoul THE KOREA HERALD in English 8 Jun 91 p 6

[Text] Korea imported 123 million barrels of crude during the first four months this year, a 16.5 percent rise from a year earlier, the Ministry of Energy and Resources said.

With unit price per barrel averaging $20.74, the oil bill grew 40.4 percent to $2.7 billion.

Import prices averaged $26.39 per barrel in January, $21.73 in February, $16.82 in March and $16.42 in April, showing a downward trend in the international market after the Gulf war.

Imports from the Middle East represented 75.8 percent of total, down a mere 0.1 percent from the January-April period last year, with 19.3 percent coming from Southeast Asian nations and 4.9 percent from American and African countries.

Saudi Arabia topped the list of crude suppliers to Korea with 329,000 bbl per day which represented 32.6 percent of the total imports. It was followed by Oman (142,000 bbl), the United Arab Emirates (140,000 bbl) and Iran (129,000 bbl).

* Increase in S&T Research Assessments Noted

912C0188A Seoul TONG-A ILBO in Korean 12 Mar 91 p 14

[Article by reporter Choe Su-muk: "High Expectations for the Evaluation of National Policy Studies"]

[Text] It is natural that a countless number of operational mistakes will be made before a research project is successful. Because of this, scientists and technologists consider even failed experiments very important. Through detailed analysis and assessment of the failures, future failures can be prevented.

From a business standpoint, research and management methods such as this are critical in raising the effectiveness of investment. This becomes even more critical for government-sponsored S&T research organizations that are funded by the people's taxes.

Assessments of research activities are impartial and detailed in correlation to how far a country has advanced in S&T. Also, when one receives the determination that his research has failed, rather than rejecting it or considering it as a disgrace, a climate is cultivated where it becomes a new opportunity to start fresh and succeed.

On the other hand, it has been pointed out that our country, with a short history of modern S&T and a shortage of S&T professionals, has not been able to foster a social climate that would accommodate technical assessments in this manner. If assessment results are not satisfactory, they are rejected, and the evil of not being able to arrive at a directed assessment among those who are knowledgeable stems from the superficiality of the class of specialists.

Based on this, the idea that there is a need for increased awareness of assessments and development of assessment methodology in order for South Korea's S&T to make "the second leap" is, nowadays, a popular opinion in S&T circles.

The S&T Policy Research Assessment Center of the Korean Advanced Institute of Science and Technology (KAIST) is a research organization that emphasizes this vein of research. The Assessment Center has the role of research planning, asessment work, and policy research. Of these, The Technology Assessment Research Office, which is in charge of assessments of national policy research projects, is the most important office.

The Technology Assessment Research Office is comprised of roughly 20 assessment specialists specializing in each area of technology and seven researchers specializing in management systems such as economic industrial engineering. Not only do they do technology assessments, but at times they also form teams that provide overall assessments of socio-economic ripple effects.

"After the Policy Assessment Center was established, there was a separate plan the same year for independent assessment work on national policy research projects. There will be many differences in the results of the assessments, but overall they will improve the quality of research projects and evaluation of the successes and failures of national policy research work."

Yun Mun-sop, chief of the Technology Assessment Office, said that in the results of a recent investigation targeting government-sponsored research organizations, more than 80 percent of the researchers agreed on the necessity of rigid and objective assessments. He said that starting from this year, the assessment mechanism that will be drawn up will be the cornerstone of a developed and futuristic S&T research system.

This research office plans to assess in detail 400-500 projects in 39 different research topic fields, including national policy research topics. Therefore, chief Yun's team will directly assess only the most important research topics, and the majority of the research topics will be delegated to specialists such as those in universities or research institutes.

Chief Yun revealed that "up until now, the situation has been that researchers and assessment officers would face-off with each other, and in something like an assessment meeting, neither would be able to say what he wanted to say. In the future, after all information connected to a particular type of research is provided to the assessors, we plan to use a method where an assessment without attribution is returned in the mail. We plan to incorporate a more objective and logical method of assessment."

While saying that unlike the United States and Japan, research topics being subject to assessment would be practical research sectors that are for the most part difficult to assess, Chief Yun also revealed that he would make his best efforts to develop assessment methods that would best suit the Korean situation.

However, Chief Yun stated that "the most important factor in the success or failure of research is not achieving the goal at all costs. We have assessment standards that consider the results obtained when proper methods were used to achieve the goal, even when the final goal was not actually attained.

The Technology Assessment Research Office has determined that for a while, some of the research assessment results obtained by other organizations did not recognize outsiders, and this did not provide any long-term help to research development. Even though research organizations suffer short-term injury, they will press for solutions that use impartial assessments.

From among the many research projects, including leading national research projects using the people's taxes, joint government and business research projects, target-based research projects, and national policy research projects, only a portion of them will be evaluated by the Technology Assessment Research Office, but they are confident that from this small operation a firm foundation will be established.

This research office, in order to accomplish this, is systematizing the databases of specialists in each S&T discipline, and it has just completed a project to reassess research results from 1982 to 1989.

Brunei, Malaysia & Singapore

Malaysia

Deputy Premier Urges Talks To Settle Disputes

BK1106074691 Kuala Lumpur BERNAMA in English 0638 GMT 11 Jun 91

[Text] Kuala Lumpur, June 11 (OANA/BERNAMA)—Countries in the Asia-Pacific region should resolve all problems through negotiations including issues such as the claim over the Sipadan and Ligitan islands by Malaysia and Indonesia, Malaysian Deputy Minister Ghafar Baba said Tuesday.

He was confident that the issue of overlapping territorial claims over the islands along the Sabah-East Kalimantan sea boundary could be resolved through talks between the two countries.

He made the remarks when opening the Fifth Asia-Pacific round table with the theme of building greater confidence and less conflict in the region.

Ghafar said Foreign Minister Abdullah Ahmad Badawi has been entrusted with finding a solution to the problem.

News reports had quoted Abdullah as saying several days ago that the matter should be discussed by the Malaysia-Indonesia joint commission to be set up after an agreement on its establishment is initialled next month.

Urges Strengthening of ASEAN

BK1106094091 Kuala Lumpur BERNAMA in English 0816 GMT 11 Jun 91

[Text] Kuala Lumpur, June 11 (OANA-BERNAMA)—Asia-Pacific nations should not use force to pursue their conflicting claims to maintain peace in the region, Malaysian Deputy Prime Minister Ghafar Baba said Tuesday.

He said pledging not to resort to force pending amicable solution to the claims was the "first and fundamental step" that should be taken by all contending parties.

"This could then be followed by undertakings from the parties to avoid action which could be perceived as being hostile or provocative by others, such as conducting exercises in the area," he said when opening the fifth Asia-Pacific roundtable conference organised by the Institute of Strategic and International Studies (ISIS) here.

He said prospects for continued peace and prevention of conflicts in the South China Sea appeared to be brighter now with improved relations between the surrounding states.

He told the 150 participants attending the five-day conference that while addressing ongoing conflicts and tensions in the region, they should also anticipate future ones.

"We fashion our own destinies. While others may seek to help or hinder, we need not look further than our own selves for reconciliation and peace," he said.

Turning closer to the Southeast Asia region, Ghafar said ASEAN must not become complacent as "there are enough forces at work within and outside the region which could gradually cloud its identity, check its momentum, and drain its energy."

He said the six member-nations of ASEAN should strengthen their political, economic, and security cooperation by giving priority to better equip the ASEAN Secretariat.

He suggested that more regular summits among ASEAN heads of state be convened on an informal basis if need be to enhance political understanding and cooperation at the highest level.

He said dialogue on political matters between ASEAN and non-ASEAN states could also be gradually stepped up to widen regional cooperation.

"One idea that has been mentioned is for the foreign ministers of Vietnam, Laos, and Myanmar [Burma] to hold a dialogue with their ASEAN counterparts," he said.

He said wider regional engagement would yield many benefits and help build confidence and trust among neighbours.

The four-day roundtable is part of a continuing series on "Confidence Building and Conflict Reduction in the Pacific" to discuss the region's security problems and seek solution.

The participants represented 27 countries in the Asia-Pacific region.

Sanctions, Criticism of Third World Decried

BK0706110091 Kuala Lumpur BERNAMA in English 0927 GMT 7 Jun 91

[Text] Kuala Lumpur, June 7 (OANA-BERNAMA)—Malaysia says that sanctions and harsh criticism against developing countries by the international community to enforce human rights can be counterproductive.

Human Resources Minister Lim Ah Lek said Friday that the international community could help in the developing countries' efforts to promote workers' well-being by recognising the prevailing situation and needs of different countries and to provide technical assistance.

He told the 78th annual International Labour Organisation (ILO) conference in Geneva that governments of developing countries had taken measures in keeping with their respective social needs and economic conditions. The text of his speech was released here.

Lim said the developing countries would welcome guidance by the international community on matters of human rights, but added that sanctions and harsh criticism were inappropriate.

Lim also said that some sections of the international community had often branded policies and strategies of developing countries to become more industrial-based as being discriminatory and against universal principles of human rights.

He said that making such a conclusion was not only unfair to the governments but also to the people of the developing countries.

Lim commended the ILO, saying that nobody could dispute that the organisation's technical assistance programmes have been beneficial.

While urging the ILO to expand its programmes, he called on the organisation not to let its decisions be dictated by considerations other than "those for the sole purpose of helping member countries improve their socioeconomic status."

On development of the informal sector, which is a main agenda of this year's conference, Lim called on the ILO to adopt measures to help promote healthy growth of the sector.

The conference should not adopt any measure that would "contribute towards stifling the sector's potential and giving rise to more serious social problems," he said.

He said the informal sector, which included stall operators and petty traders, was an important aspect in the economy of developing countries.

Lim said he felt that instead of setting global standards for the sectors, introduction of non-legislative measures such as programmes to improve productivity, marketing, training schemes, and financial facilities would be more appropriate now.

Introduction of enforcement of legislation should be made gradually and in stages, he added.

Talks on Buying Warships From UK Reported

BK1006123891 Kuala Lumpur BERNAMA in English 0947 GMT 10 Jun 91

[Text] Kuala Lumpur, June 10 (OANA-BERNAMA)—Malaysia and Britain are in the final stage of negotiation on the purchase of two missile-carrying warships now that the Royal Malaysian Navy [RMN] has shelved plans to set up a submarine force.

Defence Minister Mohamed Najib Razak, who disclosed this here Monday, said a possible deal on the warships was in the context of the 1988 memorandum of understanding between the two countries.

The RMN has instead opted for corvette-type vessels for the current five-year development period because of the high cost of setting up and maintaining a submarine force, he said.

Several British shipbuilders and equipment manufacturers bidding for the multimillion ringgit contract were still negotiating the warship deal, the minister told reporters on the latest development on the memorandum of understanding.

The memorandum of understanding involved the purchase of British-made weaponry worth at least M [Malaysian] $4.5 billion (U.S. $1: M $2.74).

Najib said the Navy's plan to set up a deterrent force under the Sixth Malaysia Plan would not be affected by the shelving of the submarine project which he announced last month.

The minister said he did not subscribe to the notion that disputed islands of the South China Sea could spark off future regional armed conflicts.

"We don't see the issue of overlapping claims will cause tensions that will involve the military," he said adding that Malaysia would continue to use diplomatic channels to solve such issue if there was any.

He said the government realised that areas such as the Spratlys are involved in the issue of overlapping claims.

Several parts of the Spratly group of islands in the South China Sea are claimed by Vietnam, China, Taiwan, and the Philippines.

Pulau Layang-layang and its coral reefs, north of Labuan Island and south of the Spratlys, is part of Malaysian territory.

Minister Sees Growing Protectionism in Canada

BK1106101491 Kuala Lumpur Voice of Malaysia in English 0800 GMT 11 Jun 91

[Text] Despite Canada's favorable tariff structure and its commitment to free trade, there are indications that protectionism in that country is on the rise. Minister in the Prime Minister's Department Datuk Abang Abu Bakar Abang Haji Mustapha says the Canadian trading environment shows that tariffs are being rapidly replaced by nontariff measures, especially during the past year.

He was opening the "Opportunity Canada 91" seminar in Kuala Lumpur. He said an example of the application of nontariff barriers is the fact that some 60 items, including textile, clothing, footwear, and food products have been included in Canada's import control list. Designated imports are required to be licensed and subject to global quotas.

However, the minister added that notwithstanding the protectionist measures, prospects for expanded trade with Canada exist and should be exploited by Malaysian manufacturers and industrialists, particularly in view of the healthier growth forecast for the Canadian economy in the future. He said there is also a growing interest by Canada to look toward Pacific Rim countries. Canada's interest, particularly with ASEAN countries [and] more so with Malaysia, is on the increase.

Police To Investigate Sabah Leaders' Claims

BK1106080491 Kuala Lumpur Voice of Malaysia in English 0600 GMT 11 Jun 91

[Text] The government is leaving it to the police to investigate claims by two Sabah leaders whether they have proof of a plot to pull the state out of Malaysia. Deputy Prime Minister Ghafar Baba told newsmen that the government need not issue an order to investigate allegations. There are laws which empower the police to do so.

It is up to the police to carry out investigations.

Cambodia

Sihanouk To Chair SNC Meeting in Thailand

BK1106093991 Phnom Penh SPK in French 0421 GMT 11 Jun 91

[Text] Phnom Penh, 11 Jun (SPK)—The Supreme National Council [SNC], which reunites the representatives of all the Cambodian contending factions, will meet at Thailand's Phatthaya seaside resort on 24 June, reports AFP.

According to well informed sources in Paris, AFP says, the meeting will be chaired by the former Cambodian monarch, Prince Norodom Sihanouk, who last week accepted to participate in the SNC as an ordinary member. The Phnom Penh government has agreed that the prince play the role of the meeting chairman, the sources affirm.

The SNC, which will hold the fourth meeting since its creation in Jakarta, is composed of the six representatives from the Phnom Penh government and six others from the tripartite opposition—two from the Sihanoukist faction, two from the Khmer Rouge, and two from the rightist nationalist Khmer People's National Liberation Front.

According to Thai official sources, Prince Sihanouk will arrive in Thailand on 21 June to discuss the main issue concerning the cease-fire.

The SNC held a meeting with the cochairmen of the Paris Conference on Cambodia and the UN representative in Jakarta last week. The planned meeting in Phatthaya will be exclusively a conclave of the SNC, a Cambodian source affirms.

The source adds that Prince Sihanouk, currently staying in Beijing after his journey to Jakarta and Bangkok, will travel to Pyongyang, North Korea on 15 June before coming to Bangkok.

AFP: UNSC Representatives To Meet in Jul

BK1106065891 Phnom Penh SPK in English 0509 GMT 11 Jun 91

[Text] Phnom Penh SPK June 11—The five permanent nations on the U.N. Security Council will send representatives to a special meeting on Cambodia in Paris in July, AFP quoted French Foreign Ministry Spokesman Daniel Bernard as saying in the French capital Monday.

Also present will be Indonesian Foreign Minister Ali Alatas, whose country and France have co-sponsored the Paris International Conference on Cambodia, and special United Nations Representative Rafiuddin Ahmed.

In addition to France, the other permanent Security Council members are the United States, Britain, China and the Soviet Union.

Meanwhile, Cambodian National Assembly Speaker Chea Sim arrived in the French capital Monday for a private, six-day visit.

Reliable sources said Mr. Chea Sim, who suffers from a mild heart ailment, was in the French capital to undergo medical check-up at a Paris hospital, but would meet with the speaker of the National Assembly, Laurent Fabius, Foreign Minister Roland Dumas and other senior officials during his stay.

It is the first visit ever to a Western country by the powerful speaker, whom some observers see as the most influential figure in the Phnom Penh administration.

Mr. Chea Sim was accompanied by his National Assembly Deputy Math Ly. He is expected to leave Paris on Sunday.

France has no diplomatic relations with the Phnom Penh Government, but has played a key role in co-sponsoring the Paris conference with Indonesia to try to bring Cambodian revivals to the negotiating table to forge a comprehensive settlement after 12 years of war.

AFP: Sihanouk, Hun Sen Settle 'Legal Dispute'

BK0806045891 Hong Kong AFP in English 0300 GMT 8 Jun 91

[Excerpt] Paris, June 8 (AFP)—Prince Norodom Sihanouk and Phnom Penh Foreign Minister Hor Namhong have settled settled a year-long legal dispute on the sidelines of a Jakarta meeting on the Cambodia conflict earlier this week, informed sources said here.

Prince Sihanouk, who was in the Indonesian capital to attend a meeting of Cambodia's Supreme National Council (SNC), held a "fraternal and cordial conversation" with the minister, according to a statement issued by the prince.

The two men were at odds over statements made in the press by the former Cambodian monarch concerning the minister's record during the rule of the Khmer Rouge in Cambodia.

A Paris court in January found the remarks defamatory and ordered Prince Sihanouk to pay 20,000 francs (about 3,500 dollars) in damages. The prince had announced he would appeal against the ruling.

On Tuesday in Jakarta, the adversaries "decided to end their past differences and to work together in a spirit of reconciliation for the success of the peace process in Cambodia", the prince's statement said.

Prince Sihanouk said Friday he was to join the interim SNC "as a simple member" and to visit Phnom Penh for two months in November. [passage omitted]

Party Commission Staff Sends Letter on Talks

BK1106132291 Phnom Penh SPK in French 1131 GMT 11 Jun 91

[Text] Phnom Penh 11 Jun (SPK)—The staff of the Organization Commission of the Kampuchean People's Revolutionary Party Central Committee recently sent an open letter to the cochairmen of the Paris International Conference on Cambodia and the UN secretary general encouraging them in their quest for peace in Cambodia.

The authors of the letter express their satisfaction with the efforts displayed by the Paris conference cochairmen and the UN secretary general to promote the cease-fire. However, they say, the tripartite coalition continues to violate the truce since it came into effect, affecting the Cambodian peace process, in particular the outcomes achieved at the meeting of the Supreme National Council held in Jakarta on 2-4 June.

They call on the Paris conference cochairmen and the UN secretary general to exert their influence on the tripartite coalition with a view to extending the cease-fire until a global political solution is found.

"The cease-fire can only be effective if it is linked to the ending of military aid—under international control—to all the belligerent Cambodian factions," the authors underline, adding:

"We ardently wish to see peace achieved on the basis of a real national reconciliation. Nevertheless, any political solution should make impossible the return of the genocidal regime and guarantee the national sovereignty and rights to self-determination of the Cambodian people," concludes the letter.

Other identical letters have also been addressed to the cochairmen and the UN secretary general by staff of other ministries, public services, and mass organizations in Phnom Penh and the provinces.

SPK Reports Cease-Fire Violations 28 May-3 Jun

BK0906063691 Phnom Penh SPK in French 0424 GMT 9 Jun 91

[Text] Phnom Penh 9 Jun (SPK)—Government positions in various provinces have been the targets of attacks by the tripartite coalition dominated by the Khmer Rouge during the cease-fire effective since 1 May, according to military sources which specify that:

On 28 May, enemy forces carried out sabotage activities in the Phnum Chi area, Sandan District, Kompong Thom Province. On 29 May, about 30 enemy soldiers crossed Route 126 to get to a position 17 km north of Thalabarivat District, Stung Treng Province. On the same day, some 50 others spread out in places 27 km north of Phnum Srok. At 1100, local time, enemy troops fired 11 rockets on sectors 13 km southeast of Phnum Srok District, Banteay Meanchey Province. On 29 May in particular, Pol Pot soldiers from Division 519 dispatched three truckloads of ammunition to an area 14 km northwest of Phnum Srok.

On 30 May, enemy forces fired 15 76.2-mm shells on an area 10 km north of Chong Kal District, Banteay Meanchey Province. On the same day 15 Sihanouk soldiers infiltrated into an area 12 km northwest of Chikreng District seat, Siem Reap-Oddar Meanchey Province.

On 31 May, 90 men from factions northwest of Bavel, Battambang Province, and about 500 Pol Pot soldiers from Division 450 were sent to sectors 14 km northwest of Bavel (Battambang), and 28 km southwest of Sisophon, Banteay Meanchey Province.

On 1 June, enemy troops fired 10 projectiles on two areas respectively 12 and 6 kilometers west and southwest of Bavel.

On 2 June, two enemy advance men infiltrated into a locality six kilometers southwest of Samraong in Siem Reap-Oddar Meanchey Province.

In Kompong Speu Province, seven soldiers from opposition forces on 3 June carried out sabotage activities in a sector 12 km southeast of Phnum Sruoch.

In Kompong Thom Province, opposition forces pounded with heavy artillery an area 11 km east of Stoung District. On 3 June in particular, Pol Pot troops from Division 616 were deployed in a sector 11 km east of Stoung.

SPK: American Infiltrates Kompong Thom 30 May

BK1006125091 Phnom Penh SPK in English 1117 GMT 10 Jun 91

[Text] Phnom Penh SPK June 10—The Khmer opposition troops have made repeated attacks on government positions in various provinces between May 30 and June 4.

On May 30, a group of the Sihanouk faction together with an American infiltrated into Anlong Kranh area 7 km north of Pralai Commune, Stoung District, Kompong Thom Province.

On June 1st, about 30 troops of the Son Sann faction robbed eight bovines from the villagers in Kon Kreal Commune, but the cattle were taken back to the people by the government forces. That day, the enemy troops fired 32 shells of 76.2 mm rocket launcher on two areas 13 km south of Samraong District and 10 km north of Chong Kal, Siem Reap Province.

Also on that day, 60 men of Pol Pot Division 519 were deployed in a place 9 km southeast of Phnum Srok, Banteay Meanchey. The enemy troops also carried ammunition to a region 6 km northwest of Changhar.

On June 2, about 750 troops of Pol Pot Division 98 and of Sihanouk Brigade 9 gathered at four places from 13 to 20 km east of the district town of Chong Kal, Siem Reap Province.

The same day, about 120 men of Pol Pot Division 920 were dispatched to an area 16 km northwest of Chhlong District, Kratie Province.

In Banteay Meanchey Province, 200 troops of the Son Sann faction together with four pieces of 130, 122, [words indistinct] and 76.2mm artillery and rocket launcher were deployed on June [as received] at two places 9 and 6 km north and northeast of Svay Chek.

On June 3, the enemy troops made two attacks on the government positions in an area in Sandan District, Kompong Thom Province, and in a place in Dambe District, Kompong Cham.

Also in Banteay Meanchey Province, 300 men of Pol Pot Division 519 were massed on June 3 at a place 9 km east of Svay Chek. One hundred troops of the Son Sann faction together with three 81 and 75-mm recoilless guns were sent to a field 14 km northeast of Svay Chek. That day, about 15 men of Pol Pot Division 519 were also dispatched to a place 15 km east of the same location. About 50 men of the Son Sann faction also moved to two areas 4-8 km west of Changhar.

About 80 Polpotists were deployed on June 3 at three areas 19,9 [as received] and 10 km east of Phnum Srok, Banteay Meanchey. Some 60 Sonsannians were deployed at a zone 11 km northeast of the same district. Troops of the Son Sann faction also moved toward an area 8 km northeast of Srei Snam District. That day, about 30 troops of the Son Sann faction who were deployed at a place 13 km northeast of Phmum Srok District were blocked by villagers from leaving and entering "Phum Thmei" Village.

On June 4, troops of Pol Pot division 519 sent three truckloads of ammunition to a place 10 km northeast of Phnum Srok District. The opposition troops also launched on June 4 an offensive against the government forces in Srei Snam District, Siem Reap.

Ministry Invites Foreign Oil Exploration Bids

BK1006131491 Phnom Penh SPK in English
1112 GMT 10 Jun 91

[Text] Phnom Penh SPK June 10—The Ministry of Industry of the State of Cambodia has invited foreign petroleum companies to bid for the right to explore oil in Cambodia by submitting sealed quotations to the ministry before August 10th, 1991.

In an open letter dated June 7th, 1991 and signed by It Prang, vice minister of industry, the ministry said this time that the bidding for onshore and offshore oil prospecting would be opened to all foreign petroleum companies for only 26 of the 32 exploration blocks on the territory of Cambodia.

It said the winning bidders would be so informed by the second half of September.

With an attached copy of block boundaries for the petroleum exploration, the letter noted that each company could apply for a maximum of two blocks either onshore or offshore or both, and that oil exploration contracts would be signed on a production sharing basis.

Early this year, the Pertoleum Authority of Thailand (PTT) said it would like to have a three-way joint venture with Cambodia and Vietnam to explore oil in an offshore field overlapping the territories of the three countries.

PTT said Western oil companies would be welcomed to start exploratory drilling at the undesignated field in the Gulf of Thailand, some 100 km south of coastal Trat Province on the Thai- Cambodian border, and that the operational costs and benefits would be shared equally among the three contries as the field overlaps their territorial waters.

State Income From Factory Leaseholders Reported

BK1106075491 Phnom Penh SPK in English
0451 GMT 11 Jun 91

[Text] Phnom Penh SPK June 11—The government has earned 1,776,000 U.S dollars as its annual income from leasing 10 factories in Phnom Penh to private enterpreneurs, an official of the Industry Ministry said.

The sum was a tenfold increase compared with the annual income before 1989 when those ten factories were under the state's management.

The official said under the lease contracts, the entrepreneur of the condensed milk factory paid the state 100,000 dollars a year, the SKD Distillery 210,000 dollars, the battery factory 19,000 dollars, the tannery 15,000 dollars, soft drinks factories 1 and 2 180,000 dollars, the federation of cigarette factories 1.1 million dollars, flour mill 98,000 dollars, the engineering factory 136,000 dollars and the plywood factory 18,000 dollars.

Twenty four other factories in the city have applied the economic-accounting system since last year. Their total annual revenues for the state amounted to 1,726 million riels (Cambodian currency) last year, the official said.

Central Committee Circular on Army Day Issued

BK0806123891 Phnom Penh SPK in English
1102 GMT 8 Jun 91

[Text] Phnom Penh SPK June 8—The Central Committee of the People's Revolutionary Party of Kampuchea has issued a circular on the 40th anniversary of the Cambodian People's Armed Forces (June 19) and the army-people solidarity day.

According to the circular, a meeting will be held in Phnom Penh on June 19, 1991. Wreaths will be laid at the monument to the fallen combatants and at the monument to Vietnamese and internationalist combatants, and an exhibition on the achievements in national defence in Cambodia will also be organized at the army museum.

Wreaths will also be laid at every army cemetery in all districts and provinces across the country. Get-togethers will be organized in all cities, provinces and public offices with the participation of Buddhist monks, representatives of mass organizations and local population.

Delegations from party and state institutions and mass organizations at the central level will call on army units and send letters of greetings and souvenirs to the frontline soldiers stationed along the Cambodian-Thai border and invalid soldiers, hospitalized soldiers and the families of fallen combatants and families of soldiers credited with great merits for the cause of national defence.

The party and state institutions and mass organizations will encourage all army units to accomplish their tasks in the rainy season and prevent the enemy's violation of the cease-fire in order to maintain security along the border as well as in the interior of the country.

Joint Thai Commercial Bank Established

BK1006140691 Phnom Penh SPK in French 1127 GMT 10 Jun 91

[Text] Phnom Penh 10 June (SPK)—The Cambodian National Bank and a Thai commercial bank recently concluded an agreement on establishing a mixed bank named Cambodian Commercial Bank Limited.

The signatories of the accord were Tha Yav, vice president of the Cambodian National Bank and Tarrin Nimmanahaeminda, representative of the Thai commercial bank.

According to Cha Rieng, president of the Cambodian National Bank, this is the first joint venture struck with a foreign country with the view of promoting the trade cooperation between the two countries and enhance effectiveness of Cambodia's new economic policy.

Department Reports Floating Rice Cultivation

BK1106075291 Phnom Penh SPK in English 0454 GMT 11 Jun 91

[Text] Phnom Penh SPK June 11—Due to unfavourable weather in the early monsoon season, farmers throughout the country have an area of floating rice 2,190 ha less than the same period last year.

A report by the Agronomy Department under the Ministry of Agriculture said that so far the farmers have put 15,270 ha under floating rice. Nine provinces boast vast areas suitable for the cultivation of such rice seed, namely Battambang, Pursat, Siem Reap-Oddar Meanchey, Banteay Meanchey, Kompong Thom, Kompong Chhnang, Kompong Cham, Prey Veng and Takeo, but only Kompong Cham and Battambang did the best with 3,300 ha and 2,200 ha of floating rice respectively.

Less rainfall in the eary monsoon season has slowed down the drive of floating rice cultivation but it created favourable conditions for mechanical ploughing which started in April and will end as usual before the mid-monsoon season when the crop fields are full of water, a time to start rice transplanting. According to the department, 77,550 ha of land had been turned up by late May for rice cultivation or one-third of the area marked off for mechanical ploughing this monsoon season.

The Agriculture Ministry said the farmers are expected to grow 1.94 million hectares of rice this monsoon season for a total output of 2,475,000 tons. An area of 200,000 ha is zoned for floating rice cropping.

Monsoon rice cultivation in Cambodia starts in April when rain begins to fall and ends in mid-October. However, it may be prolonged to November when the cultivation is affected by mid- monsoon drought and rain keeps falling in the late season.

Subsidiary food crops are also grown in the early rainy season. So far the farmers have covered 14,750 ha with such crops, of which 6,670 ha grown with maize.

New Olympic Committee Members Elected

BK1006044691 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1300 GMT 9 Jun 91

[Text] On 7 June, the second working session on physical education and sports which was held at the National Olympic Stadium unanimously elected new members of the fourth National Olympic Committee. The composition of this fourth National Olympic Committee is as follows:

Comrade Thong Khon, alternate member of the party Central Committee and deputy minister of Information and Culture; Comrade Nim Thot, vice chairman of the Central Propaganda and Education Commission; Comrade Pen Yet, deputy minister of Information and Culture; Comrade (Bin Uy), deputy minister of the Council of Ministers Cabinet; Comrade Ek Sam-ol, deputy minister of Education; Dr. Mi Samedi, depurty minister of Health; and Comrade Meas Sarin, deputy head of the Physical Education and Sports Directorate.

These seven members of the National Olympic Committee have an important duty to guide and give advice to the Physical Education and Sports Directorate and arrange sports competitions with foreign countries.

VODK: Son Sann Addresses Jakarta Meeting

BK0706025691 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 5 Jun 91

[Text] On 2 June, when addressing the four parties meeting in Jakarta, Indonesia, His Excellency Son Sann, prime minister of the Cambodian national government, stressed that a political solution to the Cambodian problem is based on implementation of UN documents. In the search for a comprehensive political solution to the Cambodian problem, the key is how to implement the 28 August 1990 document and the 26 November 1990 draft agreement adopted by the five permanent members of the UN Security Council [UNSC].

He further said that if at the end of this meeting we still cannot achieve compromise in accepting the UN peace plan—which has been set up and worked out in detail by the UNSC five permanent members—I can affirm to you that I will not cooperate in committing criminal acts against the Cambodian people by taking away the Cambodian people's right to self-determination and the Cambodian people's security—which is ensured by UN peacekeeping force—and by opposing the legitimate aspiration for peace within the framework of setting up UN role in Cambodia.

He stressed that he will again propose to the international community to take responsible measures to ensure that the Cambodian people are safe from threats. He expressed the hope that, at the meeting, the four Cambodian parties will eventually accept the UNSC five permanent members' peace plan to enable the Supreme National Council to function efficiently with Samdech Norodom Sihanouk as chairman. He added that without outside interference, the Cambodian people can cooperate and work together for Cambodia's unity, freedom, and sovereignty.

Commentaries View Outcome of SNC Meeting

VODK on Jakarta Meeting

BK1006065191 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 9 Jun 91

[Station commentary: "Why Have Vietnam and the Traitorous Puppets—Vietnamese Lackeys—Opposed the Dismantling of the Armed Forces of the Four Cambodian Factions and the Presence of the UN Peacekeeping Forces and Kept Clamoring About the So-Called Khmer Rouge Danger?"]

[Text] At the recent Jakarta meeting of the four Cambodian factions and the Paris International Conference on Cambodia [PICC] cochairmen, the Hanoi Vietnamese aggressors ordered their lackey—traitorous puppet Hun Sen—to keep clamoring about the so-called Khmer Rouge danger. But, the Hanoi authorities do not allow their puppets to accept the dismantling of the four Cambodian Armed Forces and the presence of a strong UN peacekeeping force in Cambodia.

These contrasting attitudes of the Vietnamese enemies and their puppet-lackeys have caused people to wonder whether the Vietnamese are really afraid of the Khmer Rouge or want to maintain the puppet regime so that they can continue to hide Vietnamese aggressor troops and forces for further occupation of Cambodia.

According to the framework document of the five permanent members dated 28 August 1990 and the draft agreement for a comprehensive solution dated 26 November, the Armed Forces of the four Cambodian factions are to be disarmed and dismantled by the United Nations to create a neutral political atmosphere and peace as a basis for holding a free and legitimate election in Cambodia.

The three Cambodian National Resistance [CNR] forces have voiced their full acceptance of these above-mentioned points, that is, we agree with the disarming and dismantling of our Armed Forces simultaneously with the Phnom Penh Army organized by Vietnam. But, Vietnam and its Phnom Penh puppets have vehemently opposed these points. Is Vietnam afraid of the Khmer Rouge or does it want to maintain the puppet army so that it can further hide Vietnamese forces in it? We would like the people of the world to judge for themselves.

The aforementioned document of the five permanent members also instructs that sufficient numbers of the UN Transitional Authority in Cambodia [UNTAC] and the UN peacekeeping force be dispatched to Cambodia in order to verify and supervise all aspects of the comprehensive solution, including the verification on the Vietnamese troop withdrawal and organiation of a free and legitimate election in Cambodia.

The three CNR forces fully support this point and want the UN peacekeeping force to continue being stationed in Cambodia for a longer period of time, following the free and legitimate election in Cambodia, in order to prevent Vietnam from returning to Cambodia and to settle the so-called concern over the Khmer Rouge seizing power by force. But, Vietnam and the Phnom Penh puppets have vehemently opposed this point. They have said that this is a violation of Cambodia's sovereignty, and have demanded the maintenance of the Phnom Penh puppet regime, whose affairs are directly controlled and managed by over 50,000 Vietnamese cadres, administrative personnel, and experts.

Therefore, the Vietnamese aim can be seen as clear as broad daylight: that it is not because of the Khmer Rouge danger, as Vietnam has ordered puppet Hun Sen to claim, but it is because Vietnam wants to maintain the puppet regime and puppet army so that it can hide its aggressor troops and forces of all categories for further occupation of Cambodia in line with its Indochinese Federation strategy.

The Cambodian people, CNR forces, and international community clearly agree that the settlement of the Cambodian problem is to end the Vietnamese war of aggression and occupation in Cambodia. That is, Vietnam must withdraw all categories of its aggressor forces from Cambodia and the Vietnamese aggressor regime, both civilian and military, must be dismantled so that the Cambodian people can hold elections to decide their own destiny under the direct supervision of the United Nations.

This is our firm stance. We will continue engaging in all forms of struggle even more vigorously until this goal is achieved.

VOK on Peace Prospects

BK1006095991 (Clandestine) Voice of the Khmer in Cambodian 0430 GMT 10 Jun 91

[Political commentary: "The Efforts by the Cochairmen To Resolve the Cambodian Problem"]

[Text] Restoring peace to Cambodia is a vitally important task of the cochairmen of the Paris International Conference on Cambodia. Indonesian Foreign Minister Ali Alatas and his French counterpart Roland Dumas have shared the mission aimed at expediting the Cambodian peace process at this final stage. Roland Dumas, who represents France—a permanent member of the UN Security Council [UNSC]—has played an important role in clearing the way for the adoption of the peace plan of the Perm Five [the five permanent members of the UNSC], while Ali Alatas has organized meetings in Jakarta with a view to coordinating all the Cambodian parties to endorse and accept the Perm Five's peace plan, which is the framework document for settling Cambodia's problem.

We see that the cochairmen have lately succeeded in breaking the deadlock of the entangled Cambodian problem, and in the near future they will try with all available possibilities to achieve an early and permanent peace for Cambodia.

However, whether peace can be restored to Cambodia remains to be seen. But what everyone knows is that the key to peace is in the hands of the Vietnamese: Will the Vietnamese agree to force Heng Samrin to fully accept the Perm Five's peace plan or will they remain persistent in pulling strings telling the regime to accept only the provisions of the peace plan beneficial to them and discard the presumably disadvantageous ones? As long as we do not yet know the positions of the Vietnamese and the Hun Sen group, Cambodian peace remains elusive. Nonetheless, this does not mean that the efforts of the cochairmen are in vain. By all appearances, these efforts are a kind of propulsive force to break the last stalemate and have clearly revealed the knot of the Cambodian problem: The cochairmen have established that the knot is from the Cambodian group shored up and backed by the Vietnamese.

The efforts of the cochairmen are the strongest pressure on Vietnam for it to straighten its curling tail—cunning, devious behavior. Will Vietnam consent to straighten its tail at the end? We are of the opinion that if Vietnam wants to recover, it should relinquish its ambition of colonizing Cambodia; otherwise, it will gain nothing but further economic, political, and diplomatic pressure, which will ultimately ruin its economy.

Commentary Urges End to SRV-Cambodia Protocol

BK0906035691 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 7 Jun 91

[Station commentary: "Whatever Protocol Signed by the Hanoi Vietnamese Aggressors and Their Traitorous Lackey Puppets Is Designed Only for Legitimatizing Further Shipments of the Vietnamese Aggressor Troops and Settlers to Cambodia"]

[Text] Lately, the Hanoi Vietnamese aggressors and their traitorous puppets Hun Sen, Heng Samrin, and Chea Sim have pretended to sign a so-called protocol on the construction of a railway line from Loc Ninh Province in south Vietnam to Phnom Penh via Memot and Ponhea Krek Districts in Kompong Cham Province, Kanhchriech District in Prey Veng Province, and Arei Khsat in Lvea Em District opposite Phnom Penh City.

This is another stratagem jointly concocted by the Vietnamese enemy aggressors and the traitorous lackey puppets. The signing of the so-called protocol is designed to legitimatize:

1. The further shipments of Vietnamese aggressor troops by the Vietnamese enemy aggressors to Cambodia, pretending that those soldiers are Vietnamese workers for constructing the railroad.

In fact since 1 May, the Vietnamese enemy aggressors have sent a large number of Vietnamese soldiers to Cambodia in order to persistently launch offensives in the country.

2. The continued plundering of Cambodia's timber by the Vietnamese enemy aggressors, claiming that the felled trees are for building the railway line.

3. The ongoing shipments of Vietnamese immigrants to Cambodia for the purpose of Vietnamizing Cambodia, thereby incorporating the country into Vietnam's strategic communist Indochinese federation.

4. The indiscriminate plundering of our people's paddy and property in those areas and others.

5. The process of gradually implementing late Ho Chi Minh's Indochinese federation strategy.

The Cambodian people, the Cambodian National Resistance forces, and the world are of the opinion that all agreements or protocols struck and signed by the Vietnamese enemy aggressors and their traitorous lackey puppets are the Vietnamese enemy aggressors' exclusively. The traitorous lackey puppets are just the scarecrows propped up by the Vietnamese. Consequently, whatever treaty or agreement contracted by the Vietnamese enemy aggressors and their lackey puppets is null and void.

The Cambodian people and the Cambodian national resistance forces are opposed to every protocol struck by the Vietnamese enemy aggressors and their traitorous puppet leaders Hun Sen, Heng Samrin, and Chea Sim.

SRV Helicopter Hit on Route 10 Battlefield

BK0806031291 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 7 Jun 91

[Text] On 7 June, the Vietnamese enemies sent two Mi-17 helicopters to Route 10 battlefield. The mission was to photograph and fire rockets on our resistance forces' positions there.

Our resistance forces fired at and hit one of the Vietnamese enemies' helicopters, forcing them to beat a hasty retreat to Battambang.

VONADK Rounds-Up Daily Battle Report

BK0906010991 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 8 Jun 91

["Daily report from various battlefields"]

[Text] Kampot Battlefield:

Angkor Chey District: On 6 June, our national resistance forces attacked and completely dismantled the administrative networks of the race-exterminating Vietnamese enemy aggressors and their lackey puppets at the two following villages in (Samlanh) Commune: (Prek Thleay) and Sdok, and we freed two village officials and seized some war materiel.

Kampot District: On 7 June, our national resistance forces attacked and completely dismantled the administrative networks of the race-exterminating Vietnamese enemy aggressors and their lackey puppets at Dong Village in Stoeng Se Commune, and we freed two village officials.

Chhuk District: On 6 June, our national resistance forces ambushed a Vietnamese-puppet company at Roluos in Krang Leav Commune, killing two enemy soldiers and wounding another. We seized one AK rifle and some ammunition, liberated Krang Leav and Anlung Dek villages, and freed three village officials.

Takeo Battlefield:

Tram Kak District: On 6 June, our national resistance forces ambushed with land mines the race-exterminating Vietnamese enemy aggressors and their lackey puppets at Tumnup Basak, killing five and wounding four enemy soldiers.

On the same day, the race-exterminating Vietnamese enemy aggressors and their lakey puppets stepped on our land mines at Damrei Romeal Hill. As a result, three of them were killed and one wounded.

Southwest Phnom Penh Battlefield:

Kong Pisei District: On 6 June, our national resistance forces attacked the race-exterminating Vietnamese enemy aggressors and their lackey puppets at Ar, Chhlop, and Kak Villages, killing two enemy soldiers and wounding three others.

On the same day, our national resistance forces attacked the race-exterminating Vietnamese enemy aggressors and their lackey puppets at Trapeang Trei Village, killing one enemy soldier and wounding three others.

On 7 June, our national resistance forces attacked the race-exterminating Vietnamese enemy aggressors and their lackey puppets near (Ta Phu) Monastery in Trang Village, killing two and wounding two enemy soldiers.

In sum, our Cambodian national resistance forces killed or wounded 29 Vietnamese enemy aggressors and lackey puppets, dismantled their administrative networks in three villages, and destroyed some war materiel. We also seized many guns and some ammunition and war materiel, liberated two villages, and freed seven village officials.

Positions in Battambang Shelled 6-7 Jun

BK1006014491 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 9 Jun 91

[Text] On 6 and 7 June, our artillery unit fired barrages of artillery shells into the command posts and large and small positions of the Vietnamese aggressors and race exterminators and their puppet-lackeys on Route 10 [Battambang Province], particularly the command posts inside Treng defense networks. We shelled them day and night, adjusting our range with our eyes and with binoculars. We saw the targets take direct hits.

On 8 June, we heard from the people in Battambang Province that some Vietnamese-puppet commanders along Route 10 were killed or wounded and sent to Battambang. The people heard the Cambodian soldiers say that a Vietnamese one-star general from the 7th Military Region was killed and a Vietnamese colonel from Vietnamese General Staff Department was seriously wounded. A general of the Heng Samrin army was also seriously wounded.

National Councils Set Up in Kompong Chhnang

BK0706024491 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 6 Jun 91

[Excerpt] On 23 May, our people's great national union forces, under the administration of the national council in Toek Phos and Kompong Tralach District, Kompong Chhnang Province, cooperated with patriotic Cambodian soldiers and state authority officials in dismantling the state authority of the Vietnamese enemy aggressors and race exterminators in the communes of Svay, Sethei, Thlork Vean, Khna, Aphivoat, and Chaong Maong in Toek Phos and Kompong Tralach Districts, Kompong Chhnang Province, and setting up national councils in all these villages and communes.

All 100 state authorities officials pledged to stop serving as the Vietnamese authorities' agents and puppet soldiers, lackeys of the Vietnamese enemy aggressors. [passage omitted]

Indonesia

Alatas on Efforts To Settle Island Disputes

BK0706135491 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 7 Jun 91

[Text] Foreign Minister Ali Alatas said Indonesia and Malaysia have began negotiations at the level of senior officials on ways to resolve the dispute over the Sipadan and Ligitan Islands. At the initial meeting the two sides explained each other's positions, and the date for a follow-up meeting will be set.

Ali Alatas told correspondents in Jakarta today that the ongoing negotiation between the two countries will continue until a settlement is achieved. The dispute between Indonesia and Malaysia over Sipadan Island began in 1982, and the problem surfaced again after Malaysia built tourism facilities on the island.

Suharto Meets With Japanese Legislator Miyazawa

BK1006080091 Jakarta Radio Republik Indonesia Network in Indonesian 0700 GMT 10 Jun 91

[Text] The planned visit to Indonesia by the Japanese emperor and empress in October is expected to further strengthen friendship between Indonesia and Japan. Former Japanese Finance Minister Kiichi Miyazawa announced this to reporters after he paid a courtesy call to President Suharto at Jakarta's Merdeka Palace this morning.

Miyazawa noted that rapid development in Indonesia, which has improved the Indonesian people's welfare, is praiseworthy. Speaking on the expansion of international relations, Miyazawa said Indonesia's policy of continually upgrading relations with other countries will have a positive global impact.

Alatas, Miyazawa on Cambodia

BK1106095891 Jakarta ANTARA in English 0918 GMT 11 Jun 91

[Text] Jakarta, June 11 (OANA-ANTARA)—Foreign Minister Ali Alatas said here Tuesday, although Prince Norodom Sihanouk had decided to become ordinary member instead of the chairman of the Cambodian Supreme National Council (SNC), he might still lead the council.

After meeting Kiichi Miyazawa, a Japanese legislator of the ruling Liberal Democratic Party (LDP), Alatas said that the Cambodian issue as well as the SNC planned meeting around June 24 in Thailand were intensively discussed with his guest.

Alatas welcomed the coming SNC meeting, saying that from the beginning Indonesia and France as co-chairmen of the Paris Conference on Cambodia (PCC) had always urged the council to hold an internal meeting and discuss all problems concerning the Cambodian conflict among themselves.

In the SNC-PCC meeting here earlier this month, Sihanouk actually had agreed to become SNC chairman and let Hun Sen, the Hanoi-backed prime minister of Cambodia, take the seat of the council's vice chairman.

According to Alatas, he also discussed with Miyazawa the importance of maintaining the open nature of the Asia Pacific Economic Cooperation (APEC) forum. He said APEC's potentials in the sector of economy, trade, and investments in the Asia-Pacific region were great. Both Japan and Indonesia are members of APEC.

APEC is scheduled to hold a meeting in Seoul, from November 2 to [word indistinct].

New Envoys Pursue Active PR Policy Abroad

BK1106105491 Jakarta ANTARA in English 0848 GMT 11 Jun 91

[Text] Jakarta, June 11 (OANA-ANTARA)—Indonesia has launched a more offensive information policy abroad in response to the increasingly complicated development phase that has to be made known internationally so as to make other countries understand the national programs better, Information Minister Harmoko said here Tuesday.

During a meeting with six newly appointed Indonesian envoys, the minister said the new policy will be carried out by strengthening and updating the systems with regard to coordination among Indonesia's permanent representatives abroad with Jakarta, a method which is expected to settle problems arising from negative issues about Indonesia abroad.

The new envoys are Puji Kuntarso to Japan, Sumadi Brotodiningrat to the United Nations in Geneva, Sabam Pandapotan Siagian (Australia), R. Suwandi Kusumoadinoto (Suriname), Dr. Bur Mauna (Morocco), and Sukarno Abdulrakhman (Turkey).

Puji Kuntarso, who is attending the Inter-Governmental Group on Indonesia (IGGI) meeting in the Hague, did not attend the meeting with Minister Harmoko.

Sabam Siagian, former daily THE JAKARTA POST's chief editor, told newsmen after the meeting that Minister Harmoko expected the new ambassadors to be more active in explaining what Indonesia is doing with regards to a number of issues, among others those related to human rights and the environment.

Commenting on his new job, Siagian, the first career journalist appointed ambassador in the last twenty years, said he was ready to start with duties awaiting him in Canberra.

Siagian said the fact that Indonesia has succesfully completed the first phase of its long-term national development was something to be proud of and therefore there is no need to hide it from others.

People should know, Siagian said, that this world's largest archipelagic state with a population of 180 million is facing two huge tasks, to keep it united and, on the other hand, to push on with the socioeconomic progress.

Siagian said his approaches to the press in his country of accreditation would not be "frontal and narrow" ones, but rather to convey the fact that a stable Indonesia would also be in the interest of its neighbors.

The new envoys will leave Indonesia for their posts this week.

Laos

Phoumi Vongvichit Receives PRC Envoy

BK0806124291 Vientiane KPL in English 0914 GMT 8 Jun 91

[Text] Vientiane, June 8 (KPL)—The Lao acting president, Phoumi Vongvichit, received here on June 6 Mr. Huang Guocai who presents his credentials as the new ambassador extraordinary and plenipotentiary of the People's Republic of China to Laos.

During the discussion proceeding in a cordial atmosphere, Mr. Phoumi Vongvichit congratulated Mr. Huang Guocai over his appointment and wished the new ambassador success in his new task, contributing to developing the traditional friendship and the cooperation between the governments and peoples of Laos and China.

Phoumi Vongvichit Receives UNICEF Director

BK0706163691 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 6 Jun 91

[Text] At the presidential office this morning, Phoumi Vongvichit, acting president of the Lao People's Democratic Republic [LPDR] and chairman of the International Year of the Child Celebration Commission, received a courtesy call from (Daniel Brook), UNICEF director for Asia and the Pacific region. He is here to attend the conference in Vientiane on the strategy for cooperation between the LPDR Government and UNICEF for 1992-96.

The meeting proceeded in a friendly atmosphere. Phoumi Vongvichit praised (Daniel Brook's) working visit to Laos and expressed his sincere gratitude to UNICEF for its constant assistance and cooperation in promoting mother and child health in the LPDR.

Phoun Sipaseut, vice chairman of the Council of Ministers and foreign minister, also received a courtesy call from (Daniel Brook) at the Foreign Ministry on the afternoon of 5 June.

Meeting Held With Thai Joint Military Committee

BK0806062691 Vientiane Vitthayou Hengsat Radio Network in Lao 0430 GMT 8 Jun 91

[Text] On the afternoon of 6 June, Lao and Thai joint military committees held another round of consultative meetings at Mouang Phe village of Laos' Boten District, Sayaboury Province. The Joint Military Committee of the Lao side was led by Colonel Phommachak Soutthisan while the Thai side was led by Major General Wirot Wachirawat. The Thai side also included Colonel Damroeng Chantharukha, new head of the Thai Joint Military Committee, and a number of local officials concerned.

In the meeting, the two sides informed each other of the situation on the performance of work in the past month. The two sides noted that the work was jointly carried out in a very effective manner. Nevertheless, they pointed out, there still remained certain practices that must be improved.

In conclusion, the two sides reached a mutual understanding. They together made proposals and were unanimous in their views on means to settle the remaining problems in order to turn the common border into a border of genuine peace and neighborliness.

Party Delegation Leaves for Visit to Cambodia

BK0706165291 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 7 Jun 91

[Text] A delegation of the Foreign Relations Board of the Lao People's Revolutionary Party [LPRP] Central Committee led by Comrade Thongloun Sisoulit, member of the party Central Committee, deputy head of the board, and deputy foreign minister, left Vientiane this morning for a visit to the State of Cambodia. This visit is made under a cooperation program between the LPRP and the Kampuchean People's Revolutionary Party and aimed at further strengthening friendship, special solidarity, and comprehensive cooperation between the two parties and peoples of the two countries.

Seeing the delegation off at the airport were Comrade Soulivong Phasitthidet, deputy head of the board and deputy foreign minister, Comrade Long Kem, ambassador extraordinary and plenipotentiary of the State of Cambodia to Laos, and a number of cadres concerned.

Paddy Relief to Villages in Lao-U.S. Project

BK0806123491 Vientiane KPL in English 0908 GMT 8 Jun 91

[Text] Vientiane, June 8 (KPL)—People in four villages within a new development area of Viangthong District, Houa Phan Province, have recently received 4.5 tons of paddy: a relief aid from the Lao-American rural development project based in the district.

The relief was designed to help the people who have just taken up a fixed way of occupation this year with the help of the project.

This project during this dry season has also sent tractors to help people in Bouam Phat and Bouam Viang areas in clearing ricefields, so far achieving 58 hectares out of hundreds of hectares as planned. Now the prepared field is filled with rice crop expected to yield 1.5 to 2 tons per hectare.

Minister Discusses Solution to Social Problems

BK0806135191 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 7 Jun 91

[Text] While attending the conference on cooperation strategy between the Lao Government and the UNICEF on 5 June, Boutsabong Souvannavong, deputy minister of economy, planning, and finance disclosed that the state's efforts to solve social problems in the coming years will concentrate on priority areas. The state will increase its budgets for this purpose from 13.8 percent in 1991 to 16.2 percent in 1995.

The deputy minister went on to say that because the state does not directly carry out business production, its investment in building state enterprises will be proportionally decreased while funds for building infrastructure facilities for the education and public health sectors will be increased. If we compare the budgets for construction in 1990 with 1991, the budgets in the education sector will increase from 2.8 percent to 7.6 percent and the public health sector from 1.8 percent to 2.5 percent.

The investment for social development, such as in the education and public health sectors, ranks second only to investment in the communication and telecommunication sector, the expansion of electricity network, vital services for export goods production, the prevention of livestock diseases, and the construction of small irrigation projects.

Philippines

Aquino Speech Marks Supreme Court Anniversary

HK1106040991 Quezon City Radyo ng Bayan in English 0203 GMT 11 Jun 91

[Address by President Corazon Aquino to the Kabisig (Partnership) Assembly on the occasion of the Supreme Court's 90th anniversary at the Philippine International Convention Center, Manila—live]

[Text] Chief Justice Marcelo Fernan, Your Eminence Jaime Cardinal Sin, Secretary Franklin Drilon, the associate justices, officials, and employees of the Supreme Court of the Philippines, honored guests:

I am happy to be with you today as you commemorate the Supreme Court's 90th anniversary, inaugurate your newly renovated building, and honor your outstanding judges, prosecutors and judiciary employees.

When I assumed office as president, one of my first concerns was to restore a free and independent court system in our country. Indeed the viability of any democratic system is tested by the unfettered functioning of its judicial machinery. For even if the Constitution mandates judicial independence, if the courts are not really free, then ours would only be a sham democracy.

The courts are free not because I desire it to be so, nor because the members of the Supreme Court will it, but because our people, speaking through the Constitution, wish it to be so.

History has time and again shown that the courts are the last bastion and ramparts of freedom, and indeed our liberties are best protected when we have a court system unfettered by restraints, manned by men of intellect, caution, and integrity in administering justice though the heavens may fall.

It is in this light that I am pleased to be a participant in today's events, because we celebrate not only the founding of a government institution—rather we are affirming today our continuing commitment to the rule of law, to a regime of justice, and to the strengthening of our moral and ethical values which can only be nurtured in an environment of democracy and freedom.

I am with you today, not only as your president, but also as an ordinary citizen living under, and beholden to, our justice system. For over and beyond the problems of economics, above the din of debate on several current issues, is a central question of justice which is the primordial concern of each and every individual.

Every government administration is ultimately tested and remembered, honored or condemned, not so much by the infrastructure erected or the roads built—rather, it is remembered by its legacy of justice. Monuments and landmarks may crumble and perish in the dust with the passage of time—yes, even the temples of justice which we are now building. But the justice system that attends to the needs of the least of our citizens will always be honored in the memory of its people.

Because human nature has not changed since 2,000 years ago, the exhortation of Amos in the Holy Scriptures finds relevance today. For I know how many are your transgressions [break in transmission]....you who afflict the righteous, who take a bribe and turn aside the needy in the gates, hate evil and love good [break in transmission]...justice in the gates. Take away from me the noise of your songs, to the melody of your heart I will not listen, but let justice [word indistinct] down like waters, and righteousness like an ever-flowing stream.

Indeed the initiatives taken by the present court towards a more effective and efficient administration of justice augurs well for the nation. I am aware of the many juidicial reforms accomplished by this court, under the leadership of the chief justice—noteworthy among them being the mandatory continuous trial, the emphasis on arbitration, mediation and other forms of amicable settlement, and your continuing judicial education program.

We in the executive branch have in turn responded with the creation of the Presidential Task Force on law enforcement, whose membership counts with representatives from the different law- enforcement agencies, the private sector and your court administrator.

In their regular meetings, they monitor closely the progress, or more often the lack of progress, of the cases filed against those guilty of committing urban crimes and violations of the laws on illegal logging, smuggling and tax-evasion, graft and corruption, dangerous drugs, and those committed by law enforcers themselves. Sadly, what has come to light is that the delay in the dispensation of justice is as much the fault of the party's litigants and their lawyers, as the judges and prosecutors.

Quite often, I have been vocal in advocating the strict observance of the principle of due process of law so as to avoid committing an injustice, even inadvertently, to those who have neither the resources nor the knowhow to avail themselves of the mantle of protection under our justice system.

For this I have been criticized as weak and indecisive. May I be allowed to share with you some findings of the task force in this regard. I understand that many a time, those who are sworn to uphold the law are themselves guilty of abusing the built-in safeguards of the justice system. Times without number, motions for reconsideration are entertained endlessly; requests for postponement by council, upon the flimsiest of excuses, are granted liberally. How many cases have dragged on interminably, awaiting the return from abroad of lawyers of either party?

On the other hand, it has been observed that the pre-trial, as staunchly advocated by your late colleague Justice Guillermo S. Santos, has yet to be fully utilized as a device to abbreviate court proceedings. Modes of discovery have still to be discovered as an effective way of expediting the course of litigation.

While the glare of publicity has invariably focused on judges, we in the executive have often received adverse comments pointing up the need for court personnel to adhere to higher and stricter codes of conduct, so as not to derail the smooth flow of justice—the sheriff and process servers, the clerks of court, the secretaries and the stenographers, who are in the front line of legal service.

Again, I hasten to say that I am quite aware of the numerous praiseworthy steps taken by the court to combat this perennial problem of delays in the administration of justice. We also recognize that towards this end, there are bills pending in Congress creating more courts, increasing in the process the number of judges and also modifying the jurisdiction of the appellate court.

The executive department, on the other hand, has constructed halls of justice, effected increases in the compensation of judges and, through the Department of Justice, adopted programs to upgrade the efficiency of our public prosecutors and attorneys.

Clearly the task of preserving and maintaining a free and viable justice system is an arduous mission that calls for the coordinated and the best efforts of all who form part of such a system. Thus we must ever be alert for any signs of moral decay in our pillars of justice.

I am glad to hear that the court recently promulgated a code of judicial conduct and a code of professional responsibility. Surely the nation can ill afford a weakening of the moral fabric of the men and women of the bar and the bench. But then the efforts of government must be correspondingly complemented by the private sector. I am certain that no amount of reform will change our judicial landscape without the cooperation and support of our people. Thus, it is ever important for each Filipino to contribute his and her fair share in making our collective dream of an impartial and inexpensive justice system a living reality for all.

Let us not forget however that the pursuit of justice is meaningless unless we realize and acknowledge that there is a supreme dispenser of justice whose mandate and decrees we must all obey. Unless our laws are patterned after his laws, unless our plans are in accordance with his own, then our human efforts will all be futile.

I heartily congratulate all of you from the Supreme Court on your 90th anniversary, especially those who have received awards as outstanding public servants. Let these awards inspire you and your colleagues to bring public service to greater heights.

Long live the Supreme Court of the Philippines.

Australia Urges Extension of U.S. Bases Stay

HK0806083391 Quezon City Radyo ng Bayan in Tagalog 0400 GMT 8 Jun 91

[Text] Australia urged the Philippines to extend the stay of the U.S. military bases in the country because these are vital to Asia's peace and stability. Secretary for Foreign Affairs and Trade Richard A. Woolcott said his country is hoping that an agreement may be reached between the United States and the Philippines regarding the former's use of the bases. Woolcott stated this during the second day of the regional security conference which is currently being held in Manila.

Meanwhile, security experts in the region warned against the immediate withdrawal of U.S. military forces from Asia. They said that the power vacuum which would be created if the U.S. forces are pulled out of the region could be filled by China.

Secretary Orbos Interviewed on Security, Bases

HK0806032591 Manila Manila Broadcasting Company DZRH in Tagalog 0030 GMT 7 Jun 91

[Interview with Executive Secretary Oscar Orbos by host Joe Taruc in studio on "Liberty in Action" program—live; italicized portions in English]

[Excerpt] [Taruc] Mr. Secretary, let us discuss issues about the military bases. What is the latest development about this? We have gathered that there is even this seminar for those who are concerned with the military bases negotiation.

[Orbos] *Well, Joe, these are two different things.* With the military bases, the negotiation is ongoing and both sides are hoping that a treaty can be reached very soon. Of course, I will no longer comment about that because *the negotiations are still ongoing.* Now with the seminar, actually, this happened through the initiative of our Secretary Manglapus and upon instruction of our president because this was done by all nations in Asia so as to see the security arrangements inasmuch as there is a global change. *So this is really very significant, Joe. And I think* we should not remove *from our consciousness that the world is ever changing.* And there exist new relations between nations. The Japanese are thinking if they will rearm or not. They are also thinking how China would react to this. The Americans are also thinking of how to relate *vis-a-vis the Soviets.* This is a very extensive topic but the seminar happened in the Philippines, *and this is I think a most important seminar.*

[Taruc] *So in other words, this seminar* has nothing to do with the bases negotiations.

[Orbos] None, Joe. *Except that whatever happens,* whether the bases stay or not, *will have to be considered by all nations in the region.* It just shows that the retention or withdrawal of the military bases has a regional effect.

[Taruc] Mr. Secretary, we received information that when you came from India and had talked to Vice President Dan Quayle, since then, there was already a commitment or compromise arrived at. What is the truth about this? What have you talked about then?

[Orbos] *Matters that concern Philippine-American relations. Of course part of that is the bases.* And the only thing I've told Vice President Quayle—you know this was not the first time we've met, this was the third time *since I became a public servant*—I just told him that we have a process here *on how to negotiate.* So that's what I told him and of course, Vice President Quayle in turn *expressed the sentiment* that hopefully, an agreement can be reached so there could be planning beyond. It is difficult if this remains unresolved. We wouldn't know what will happen. We and the other countries cannot plan what to do.

[Taruc] You did not talk about compensation and duration of the said military bases?

[Orbos] You know Joe, *these are right now the subject of negotiations. So while he [Quayle] expressed some positions,* I told him we have a process here *and this is right now handled by our negotiating panel.*

[Taruc] You know we are asking you these because *between now and September 16, 1991,* it will be very critical. Our congress will adjourn, meaning, within the month of June and early July, there won't be any ratification. *And then comes the month of August,* it will be the turn of the U.S. Congress to adjourn. So within that month there won't be any ratification. So very little time is left for a new treaty.

[Orbos] Well, Joe, I think if those are the premises, *there is an anticipated legal issue.* But if an agreement is reached and there is no ratification, and rejection, *still, it is a legal issue.* This will be resolved by our Supreme Court. *But given the present rules and the weight of authority in international law, there is substantial compliance, until the proper resolution.* This is one thing being pondered upon by legal minds. *As of now, the important thing is, while we* *have a process, we have a procedure, and they have to follow these processes and procedures as mandated by our Constitution.* [passage omitted]

Editorial on Outcome of ASEAN Security Meet

HK1106041791 Quezon City MALAYA in English 11 Jun 91 p 4

[Editorial: "Freeze on SEAcurity [Southeast Asia security]"]

[Text] Security experts from Southeast Asia, meeting in a Manila seminar last week, agreed that nothing new or different need be done about the security needs of this area for the time being. Provided—and all the participants heavily underscored this proviso—the Philippines and the U.S. reach agreement on the extension of the U.S. bases here.

"Let Uncle Sam do it" was the consensus. Not too subtly, the seminar's timing—when the bases talks are in the home stretch—and the strong endorsement for their continued stay will naturally increase the pressure on the Philippines to forge an agreement with the Americans.

On the other hand, it will not sit well with the U.S. Congress that, as many of its members have complained with increasing frequency and asperity, the U.S. is again left alone to shoulder the costs and the burden of providing security for so many nations that merely cheer from the sidelines but won't put their money where their mouth is. No one in the seminar proposed that the hat should be passed around and expenses shared.

The seminar concluded that for the moment there is "no single greatest threat" to peace in the region. In the not too distant past that threat was clearly identified as the Soviet Union and/or China. But the former is trying desperately to keep its territorial integrity intact and its economy from going under, while the latter has kept its head low since the Western media blew up a defensive police action on Tienanmen square two years ago into a "revolution" and a "massacre." The seminar agreed that with their hands full, neither the USSR nor China right now had the time, inclination or capability to launch any mischief in this region.

One issue that did draw some concern was the multination conflict over ownership of the Spratlys and the Paracel islands in the South China Sea. They are being claimed by China, Taiwan, Malaysia, Brunei, Vietnam and the Philippines, and all of them except Brunei have stationed small detachments on those lonely atolls. They are considered important as much for their strategic value as for the rich oil and mineral resources suspected to lie in the surrounding waters. Indonesia, which has shown no interest in the islands, has offered to host a conference to discuss the dispute, and this was warmly welcomed.

One thing the seminar unanimously rejected, according to the Malaysian delegate, was the notion of converting ASEAN into a military alliance. This has been a pet project of Foreign Affairs Secretary Raul Manglapus, so it's back to the drawing board for him. The Indonesian participant said what ASEAN should do is keep holding a continuing dialog on security matters.

Who could object? Talk is cheap and harmless, and as Winston Churchill once said, "To jaw-jaw is better than to war-war."

Adviser Fears Volcano's Effects on Clark 'Bombs'

HK1106035091 Manila PHILIPPINE DAILY INQUIRER in English 11 Jun 91 pp 1, 7

[Text] Nuclear bombs allegedly stored at Clark air base—which sits within range of Mt. Pinatubo's ejections—could possibly be hit by extremely hot volcanic materials and leak out deadly radioactivity, a consultant to a senator said yesterday.

Rolando Simbulan, a political adviser to Sen. Wigberto E. Tanada, who is noted for his anti-U.S. bases stance, said a nuclear explosion was not possible.

But he said, "The more deadly radioactive contamination which can spread over a wide area depending on the prevailing wind direction should be our concern now."

Whether there are nuclear arms stored at Clark or Subic naval base is not known, however. The United States government has refused to confirm or deny their presence.

Simbulan said if very hot volcanic materials such as rocks hit the bombs, they can "trigger leaks and lead to radioactive contamination."

He said this situation could be more dangerous and deadlier than a nuclear explosion.

Simbulan said based on his knowledge of the nuclear weapons and materials stored at Clark, "these are the type which are usually strapped on airplanes and will not readily explode unless the trigger is set."

He added that volcanic tremors will not affect the nuclear weapons either.

Clark, a sprawling air base complex beside Angeles City, is about 18 kilometers from Mt. Pinatubo.

The "hazard map" designed by Philippine Institute of Volcanology and Seismology scientists shows Clark sitting on a danger zone which can be hit by pyroclastic materials such as molten boulders, lava and ash should there be a major explosion.

Simbulan said the American authorities' refusal to confirm or deny the presence of nuclear weapons or materials inside their bases has complicated the situation.

"What if we wake up one day with radioactive contamination all over the place?" he said.

Simbulan said the Americans should make an announcement immediately "so that the people will know what to do." Up to now, he said, base officials have no contingency measures to guide people living just outside Clark.

Yesterday, however, base officials ordered the evacuation of dependents and non-essential personnel to Subic because of the potential danger from falling molten rocks and ashes.

Personnel at the U.S. Geological Survey, which is helping the Phivolcs monitor Mt. Pinatubo's activities, have also pulled out of Clark.

Phivolcs Director Raymundo S. Punongbayan said the decision to move out was made because of the increasing danger from Pinatubo.

The U.S. bases host 15,000 American servicemen and employ more than 70,000 Filipino workers. The number of servicemen is being gradually reduced in line with global U.S. military spending cutbacks.

Antibases Advocates Remarks on Regional Peace

HK1106042791 Manila BUSINESS WORLD in English 11 Jun 91 p 10

[Text] Anti-bases advocates in the Senate yesterday continued their calls for the withdrawal of the United States military facilities in the country after the 1947 amended Military Bases Agreement expires on September 16.

In a statement, Senator Wigberto E. Tanada said: The rejection of a new RP [Republic of the Philippines]-US military bases treaty can definitely promote (the Association of Southeast Asian Nations') Zone of Peace, Freedom and Neutrality [ZOPFAN]."

He said the ZOPFAN's concept of collective regional security could be reached by implementing its policies.

Senator Rene A. V. Saguisag, on the other hand, said the country should terminate its military treaty with the U.S. if only to allow the Philippines "to grow out of (its) political adolescence," adding that there is no more cold war to justify the existence of a U.S. military presence in the region.

Write Off Debt

He said that if the country's foreign friends are sincere, they should work to "write off or stretch out" the Philippines' debt instead of looking for billions in aid for the country.

Sen. Tanada said that by being convinced of entering into a new agreement with the U.S. on the bases, President Aquino has "evaded" the Constitution's ban on nuclear weapons and the formulation of an independent foreign policy.

$225 Million Loan Signed With Japan

OW1106114191 Tokyo KYODO in English 0916 GMT 11 Jun 91

[Text] Manila, June 11 KYODO—Japan's Overseas Economic Cooperation Fund (OECF) and the Philippines have signed a 225 million dollar loan, part of Manila's share of a Japanese fund set up for the Association of Southeast Asian Nations (ASEAN).

Authorities said the loan will be disbursed to the Development Bank of the Philippines, which will lend the money to several financial institutions who will ultimately pass the funds on to end- users.

The loan is earmarked predominantly to cater to the needs of small and medium-sized industries.

Of the 358 million dollars of Manila's share of the 2 billion dollar ASEAN-Japan Development Fund, 83 million dollars was finalized last March with the Export-Import Bank of Japan for large Philippine enterprises.

San Miguel Corp., the Philippines' biggest firm, and a syndicate of banks and financial institutions signed Tuesday a 598 million peso (21 million dollars) loan to fund the company's expansion and modernization program.

The San Miguel loan was drawn from a Development Bank facility made available by the Japanese bank under the devlopment fund.

Loans intended for major Philippine firms carry a higher interest rate, compared with the small and medium-scale industries.

Another 50 million dollars will be released to the state-owned Land Bank of the Philippines, which will loan the money to the agricultural sector.

The development fund was unveiled by then Japanese Prime Minister Noboru Takeshita during the December 1987 ASEAN summit in Manila. The fund is intended to spur private-sector initiatives in developing the economies of the region.

Finance Secretary Assures Creditors of Repayment

HK1106030991 Manila THE CHRONICLE in English 11 Jun 91 pp 1, 15

[By Johanna Son and Lito Zulueta]

[Text] The Philippine government has assured its foreign creditors it remains firmly committed to economic measures, including paying its foreign debts this year, keeping down the deficit and phasing out the 9% import levy.

These assurances were given by Finance Secretary Jesus Estanislao to the World Bank and the International Monetary Fund at a briefing for the two groups before the Philippines embarks on two major loan negotiations this month.

The debt panel, headed by Estanislao and Central Bank Gov. Jose Cuisia Jr., will leave Thursday to give the same assurances to the country's commercial creditors.

The debt negotiators will first leave for Japan to allay the fears of Japanese finance officials and bankers on the debt-cap provision in the 1991 budget bill.

Cuisia said Japan and the country's other creditors should derive assurances from the recent pronouncements of President Aquino, who threatened to veto the provision.

"But it is still possible there might be some concerns, so we have to allay their concerns," Cusia said.

Cuisia has served notice that the budget bill, if signed into law with the debt-service ceiling intact, would threaten major loan negotiations this month with the Paris Club and commercial creditors.

The talks with the Paris Club, an informal grouping of 14 creditor governments, start on June 18 and will center on the restructuring of maturing obligations amounting to $1.5 billion from 1991-92.

The trip on Thursday will actually take the debt negotiators to Tokyo and Washington to drum up support for the Philippine request with the Paris Club, aside from obtaining $250 million in new money as part of the complementary financing scheme. [CFS].

The talks to obtain a new CFS have been bogged down by the refusal of the Asian Development Bank [ADB] to participate. Cuisia said the ADB was ready to lend for the new CFS program, "but the ADB did not want to deviate from normal CFS terms."

However, Cuisia said he was optimistic a new package could be arranged in due time.

On the restructuring talks, Cuisia said the Philippines had "good chances" in the Paris Club discussions due to its sucess in meeting the targets set in the 18-month standby arrangement with the International Monetary Fund.

Bank: Reduction Schemes Show Results

HK1106025391 Manila THE CHRONICLE in English 11 Jun 91 p 3

[By Arleen Chipongian]

[Text] The country has cancelled $2,543 billion of its foreign debt as of the end of the first quarter this year through various debt reduction schemes data from the Central Bank [CB] showed.

Of the total, $73 million was cancelled from January to March this year; $1.28 billion was made through the debt-to-equity conversion scheme; $378 million via the debt-for-asset swap; $204 million through a debt for debt swap; $153 million via the debt for note swap, and $528 million through other debt reduction schemes, including the debt-for-nature swaps. [as published]

The Philippine government implemented the debt reduction schemes in 1986 following the favorable response of the international creditor community for market-related debt-relief moves.

Early this year, the CB reactivated the debt-to-equity swap program to help ease the debt burden and attract more foreign investments.

In the first quarter this year, the CB received 82 applications for the program with projects valued at $432 million.

Existing CB guidelines on the debt-to-quity conversion scheme, meantime, limit awards through an auction mechanism to $75 million per quarter.

The biggest investors in the program by nationality are Filipinos with investments of $24.432 million from January to March this year, Americans at $19.73 million; Bermudans at $5.4 million; French with $5 million; and South Koreans, $3.73 million.

The CB also reported that the biggest investments from joint ventures made in the first quarter this year came from Filipino-Australians at $10 million; Filipino-Japanese, $3 million, and Filipino-Hong Kong nationals at $1.25 million.

The country is complementing the debt reduction schemes through financial packages with foreign commercial creditors involving debt relief such as the debt buy-back program.

In the first phase of the debt reduction program concluded in February 1990, the country cancelled $1.3 billion of its foreign debt.

This means that total debt cancellations have reached $3.8 billion through the financial package and the debt reduction schemes.

'Top' Manila Police Officers Reshuffled

HK1006101291 Manila MANILA BULLETIN in English 10 Jun 91 p 9

[Text] Top officers of the Philippine National Police (PNP) in Metro Manila have undergone another reshuffle geared towards enhancing efficiency and improving the command's operational effectiveness in the delivery of public safety services to the public.

Capital Command (Capcom) Director Marino Filart said that the reshuffle also aims to enhance the managerial skills and leadership of the officers.

Promoted as regional deputy director for operations (RDDO) is Senior Superintendent Warieto Capitan who vacated his post as regional deputy director for administration (RDDA).

The incoming RDDA has yet to be named in the next few days. Sources said Senior Superintendent Teddy Carian may be assigned to the position.

Senior Superintendent Geronimo Valderama, who formerly held the RDDO post, was reassigned to PNP general headquarters as deputy PNP Inspector General.

Superintendent Victor Luga, operations chief, was reassigned to head the Capcom intelligence division. Luga took over the place vacated by Superintendent Leonardo Dionisio who was reassigned to Regional Command 12 to head a top position there.

Superintendent Domingo Reyes Jr was assigned to Capcom to head the operations division.

Detained Military Coup Leader Escapes Escorts

HK1006051291 Manila PHILIPPINE DAILY INQUIRER in English 8 Jun 91 p 8

[Text] An Army rebel accused of trying to blow up fighter planes at an air base last December escaped from his police escort yesterday, a military report said.

Capt. Reynaldo Ordonez, who had been taken to Camp Crame for a hearing of a rebellion case, eluded his four guards and fled on a motorcycle, it said.

Ordonez was convicted of mutiny in absentia by a military court last year for his involvement in the August 1987 coup attempt against President Aquino. He was sentenced to 12 years hard labor at the National Penitentiary in Muntinlupa and ordered dishonorably discharged from the military.

Ordonez was arrested Dec. 21, 1990 after he and four other rebel soldiers sneaked into Basa air base in Pampanga with dynamite wrapped as Christmas gifts.

The rebels planned to blow up the planes to signal the start of another coup.

Roberto T. Lastimoso, commander of Camp Crame, said in a report that Ordonez arrived at the camp with two police escorts and two prison guards for a court martial hearing on his participation in the bloody Dec. 1-9, 1989 putsch.

Before entering the courtroom, the group went inside the canteen. Ordonez pretended to use a telephone and later slipped out of a back door where a motorcycle was waiting.

Lastimoso immediately recommended the relief of prison guards Eduardo Roxas and Bibiado Subido, and the investigation of the two policemen.

Further on Escape

HK0706131291 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 7 Jun 91

[Interview with Camp Crame commander Colonel Roberto Lastimoso by anchorman Joe Taruc and field reporter Fernan Imberga of DZRH Unit No. 22—live; italicized portions in English]

[Text] [Taruc] Colonel can you please inform our listeners regarding the escape of Captain Ordonez a while ago from Camp Crame.

[Lastimoso] *As I was telling your man here, I have already submitted my report to the PNP [Philippine National Police] chief. I furnished a copy to Chris, our spokesman, but do you have anything to ask in particular about this escape?*

[Taruc] Yes, has there been an update about this in the operations which were undertaken to recapture Captain Ordonez?

[Lastimoso] *Yes, we have flashed an alarm to all the PNP mobile units and Capcom [Capital Command], giving them a description of the escapee and the motorcycle. I do not know what happened.* It's already with our operations directorate.

[Taruc] Is there a possibility, Colonel, that there are people from inside who have something to do with this escape?

[Lastimoso] *We are not really sure but I would think so because there was somebody waiting for him with the motorcycle. So probably,* he is with somebody who may not be from inside but somebody *known to some people here, that's why he could enter the camp.*

[Taruc] *What about the security escort?* Are they undergoing investigation now?

[Lastimoso] *Until now, they are being investigated. There are two girls from the National Bureau of Prisons and two escorts from the Metrocom [Metropolitan Command]. Actually, they are detained with us. They are detained with the National Bilibid Prisons [national penitentiary]. He was supposed to attend a hearing in the court room inside Camp Crame.*

[Taruc] We understand, Colonel, that this Ordonez already has a sentence of 12 years imprisonment. What case is being heard inside Camp Crame?

[Lastimoso] *He is a convicted coup plotter already and that's why he is detained in the National Penitentiary. He is also facing another charge together with Colonel Martillano, and that is the case being tried now at the court room inside Camp Crame.*

[Taruc] Okay, thank you very much, Colonel.

[Lastimoso] Okay, Joe, thank you and good afternoon.

[Taruc] Thank you. Fernan?

[Feran] Yes friends, that was Colonel Roberto Lastimoso, the camp commander of Camp Crame where ex-Captain Reynaldo Ordonez of the Philippine Army escaped from this very jurisdiction prior to the former's scheduled court martial hearing in the old adjutant building, court room number two. And that's the report. With Ed Espiritu, here is Fernan Imberga, unit number 22 reporting on the spot for DZRH.

Army Resumes Operations in Cordilleras

HK1106032991 Manila THE CHRONICLE in English 11 Jun 91 p 6

[By Manny Mogato]

[Text] Government troops will resume combat operations in the rebel-infested Marag valley in northern Luzon in a final bid to flush out the communist guerrillas and reestablish government control in the area.

Brig. Gen. Emiliano Tempolo, the AFP [Armed Forces of the Philippines] deputy Chief of Staff for civilian-military operations (J-7) said the complete destruction of the communist political and armed groups in the area would also mean neutralizing the rebel movement in northeastern Luzon.

Templo said combat operations would resume after fresh reports from the field had pimpointed the exact locations of the rebel main forces.

"Marag valley is the tactical operations center of the NPA [New People's Army] rebels in the country," he told reporters. "It has a strategic importance for them that losing it would be like losing the war there."

Templo did not discount the possibility of using artillery and aerial strikes on pinpointed rebel lairs in the unpopulated and forested areas in the Cordilleras to force the rebels to come-out and engage them frontally in semi-conventional warfare.

The rebels have been avoiding frontal clashes with soldiers and have adopted a popular "cat-and-mouse" tactic to counter the military's "Lambat-Bitag" [net trap] strategy.

Templo said a P [peso] 36 million economic development package was also being implemented to complement the tactical operations to defeat the communist rebels.

The first tactical operations launched in 1990 code-named "Oplan [operational plan] Salidumay" was halted because of human rights complaints.

The military said they hve already taken steps to insure the safety of civilians before combat operations would resume this month.

The operations would be launched based on information gathered by intelligence and from surrendered rebels.

Thailand

Amaret Reiterates Original Stance on U.S. Talks

BK1106084191 Bangkok Radio Thailand Network in Thai 0530 GMT 11 June 91

[Text] Before attending a Cabinet meeting at the Government House this morning, Commerce Minister Amaret Sila-on talked to reporters about trade negotiations with the United States:

[Begin recording] [Reporter] Will there be talks on the Section 301?

[Amaret] Yes, there will. The next round of negotiations with the United States is expected to take place late this month.

[Reporter] Where will the talks be held?

[Amaret] I am not sure. I think it would be held in another country rather than here.

[Reporter] Will Carla Hills attend the negotiations herself?

[Amaret] I don't think so. I think she will send her assistants to the talks.

[Reporter] How about our stance on the issue?

[Amaret] Our stance remains unchanged. We will try our best for Thailand. At this point, we must do everything for the benefit of Thailand. We should not have any dispute among ourselves, because it would only adversely affect the country's benefits.

[Reporter] People have expressed suspicion of Government action, especially on the drug patent issue.

[Amaret] It does not matter. Let them do it. As I said months ago, at this stage, the prime minister is the only person who can remark on this issue. What other people say would not do any good for Thailand. [end recording]

Ministry Spokesman on Sino-Thai Trade Ties

BK0906100891 Bangkok Radio Thailand Network in Thai 0000 GMT 9 June 91

[Text] Thailand is now the People's Republic of China's eighth largest trade partner, exporting about 10 billion baht worth of goods to the country last year. Most of the exports are agricultural products. Director General of the Foreign Ministry's Information Department Sakthip Krairoek reported the following:

[Begin Sakthip recording] The 1991 two-way trade target is U.S.$ 1 to $1.2 billion. Thailand exports mainly rice, sugar, rubber, tobacco leaves, and synthetic fiber to China while importing crude oil, soybean, cotton and textiles. Both countries have experienced surpluses and deficits in their two-way trade. In 1984 and between 1987-1990, Thailand recorded trade deficits with China. In 1985 and 1986 however, it enjoyed a trade surplus. It suffered a trade deficit for the fourth consecutive year in 1990 at U.S.$452.3 million or about 11.533 billion baht. [end recording]

Local Chinese Papers View Yang Shangkun Visit

BK'106041991

[Editorial Report] Three Bangkok-Chinese language dailies—ZHONG HUA RIBAO, XING XIAN RIBAO, and XIN ZHONG YUAN RIBAO—on 10 June carry editorials welcoming PRC President Yang Shangkun's official visit to Thailand from 10 to 15 June.

ZHONG HUA RIBAO's 700-word editorial on page 5, entitled: "Warmly Welcome the Chinese President's Visit to Thailand," says that "PRC President Yang Shangkun will arrive in Thailand today for a six-day official visit at the invitation of His Majesty the King." The Thai people, officials, and overseas Chinese organizations will accord a grand welcome to President Yang as a guest of His Majesty the King. The local overseas Chinese people all feel very happy over the visit. They realize that President Yang's visit will further develop and strengthen the already close relations and friendly cooperation in all fields between the two countries. The kinship relations between the Thai and Chinese peoples will be further enhanced. "President Yang's visit to Thailand will bring the Thai-Chinese friendly relationship to a new stage."

The editorial says that Thai-Chinese relations are based on the five principles of peaceful coexistence and on mutual respect, understanding, trust, and cooperation. This is not only in line with the two peoples'interests but is also beneficial to regional and global stability and peace. Thailand is an important ASEAN member. The six ASEAN members have achieved rapid economic growth. They and the PRC have established trade relations and cooperation of great significance to the economic prosperity and development of the Asia-Pacific Region. Thai-Chinese cooperation in the economic field has expanded considerably in recent years. Bilateral trade volume reached U.S. $1.194 billion in 1990 while it was only worth a few thousands dollars when diplomatic relations were established in 1975.

Concluding, the editorial says that "President Yang's visit to Thailand as a guest of His Majesty the King will further develop Thai-Chinese relations. We, therefore, warmly welcome the visit. We also believe in PRC Vice Foreign Minister Xu Dunxin's remarks before the departure that Thai-Chinese relations are based on the five principles of peaceful coexistence. Regardless of domestic and international changes, the two countries have maintained friendly good-neighborly relations. Sixteen years of steady diplomatic relations clearly underline the present state of Thai-Chinese relations. Looking to the future, we hope that the relationship will be continuously strengthened."

XING XIAN RIBAO's 700-word editorial on page 2, entitled: "Yang Shangkun's Visit to Thailand Today Has Great Significance," says that the President Yang Shangkun-led delegation, after visiting Indonesia for five days, will come to Thailand today for an official visit until 15 June. "President Yang Shangkun is the second Chinese head of state to visit Thailand since the establishment of Thai-Chinese diplomatic relations. The Thai Government and the public and the local overseas Chinese organizations have attached great importance and welcomed the visit." Thai Ambassador to China Montri Chalichan said in Beijing on 4 June that "President Yang Shangkun's tour of Thailand will further strengthen the development of bilateral relations between the two countries, which will be another milestone in the development of Thai-Chinese friendly relations."

The editorial concludes by saying that the significance of President Yang Shangkun's visit to Thailand will further develop Thai-Chinese friendly relations and cooperation and strengthen the mutual interests of the peoples of the two countries and Southeast Asia, as well as helping international peace and security.

XIN ZHONG YUAN's 650-word editorial on page 1, entilted "Welcome President Yang's Visit and Wish the Visit a Success," says that Chinese President Yang Shangkun will arrive in Bangkok today for an official visit at the invitation of His Majesty the King. "After the establishment of diplomatic relations between Thailand and China 16 years ago, friendly relations and cooperation between the two countries have developed smoothly and rapidly. In particular, exchanges and cooperation in the political, economic, scientific, and cultural fields between Thailand and China have developed very rapidly." High-level officials and different government delegations have frequently exchanged visits to exchange opinions on international and regional issues and to discuss bilateral relations aimed at strengthening mutual understanding and cooperation. By so doing, they have played an important role in maintaining global peace and stability, especially in Southeast Asia.

The editorial says that Thai-Chinese bilateral relations, regional issues, especially the Cambodian issue, will be the main topics of discussions between the leaders of the two countries. The visit will contribute to the political settlement of the Cambodian problem. The friendly cooperation between the two countries will be as Chinese Vice Foreign Minister Xu Dunxin has described when he said that "On the present good foundation, we will continuously employ the current cooperation to promote friendly relations between the two countries to a higher level."

Concluding, the editorial says that "We sincerly welcome President Yang Shangkun and wish the visit a success."

Sihanouk To Arrive in Bangkok 21 Jun for SNC

BK0906060991 Hong Kong AFP in English 0603 GMT 9 Jun 91

[Text] Bangkok, June 9 (AFP)—Cambodian resistance leader Prince Norodom Sihanouk is to arrive here late next week ahead of proposed peace talks among Cambodia's warring factions, a spokesman said on Sunday. Spokesman Roland Eng said the prince would arrive June 21, though no precise date has been set for a new meeting of the Supreme National Council (SNC).

Both the Phnom Penh government and the Khmer Rouge-dominated resistance coalition have accepted a proposal by the prince for an early meeting of the SNC, which was set up last September to embody Cambodia's sovereignty until United Nations-organised elections are held in the war-torn country. The prince proposed that a meeting of the SNC be held in Thailand later this month following last week's failed talks in Jakarta.

The SNC includes six representatives of Phnom Penh and six for the tripartite coalition grouping the Marxist Khmer Rouge and two non-communist groups led by Prince Sihanouk and former Prime Minister Son Sann. Prince Sihanouk, 68, did not join the original 12 members of the SNC but amid a rapid succession of initiatives which have breathed new life in stalled Cambodian peace negotiations over the past few days, the former Cambodian monarch announced he had decided to join as a "simple member." The Phnom Penh government has said that it would allow him to chair the forthcoming meeting.

Anan Approves Phatthaya as SNC Meeting Venue

BK1106070091 Bangkok Radio Thailand Network in Thai 0530 GMT 11 June 91

[Excerpt] [Passage omitted] Prime Minister Anan Panyarachun answered reporters' questions before presiding over a Cabinet meeting at the Government House this morning.

Asked about Prince Norodom Sihanouk's proposal to shift the venue for the next round of meeting among the leaders of the Cambodian factions from Surin Province to Phatthaya, Anan said he has no objection to the proposal and is willing to allow the meeting to be held as desired. [passage omitted]

Vietnam

Nguyen Co Thach Gives Interview on Cambodia

BK1006162991 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 10 Jun 91

[Interview with Foreign Minister Nguyen Co Thach by unidentified VNA correspondent on Jakarta talks on Cambodia, on Prince Sihanouk and Premier Hun Sen's talks, and on ending outside military aid to the Cambodian factions; on 10 June; place not given—read by announcer]

[Text] [VNA Correspondent] Comrade Minister, would you please evaluate the results of the recent meeting in Jakarta on the Cambodian issue and the prospects for a solution to this issue.

[Nguyen Co Thach] Faced with the deadlock of the Cambodian issue and now that the meeting of the Supreme National Council of Cambodia with the participation of the two cochairmen of the Paris International Conference on Cambodia and the representative of the UN secretary general from 2-4 June did not produce any results, the meeting between Prince Sihanouk and Chairman Hun Sen has created important steps toward settlement of the Cambodian issue.

Prince Norodom Sihanouk and Chairman of the Council of Ministers of the State of Cambodia Hun Sen have reached agreement on the following important points:

—Prince Sihanouk will assume the chairmanship and Chairman Hun Sen the vice chairmanship of the SNC, which comprises an equal number of members from both sides.

—The current cease-fire will be extended until the signing of a political solution.

The two sides also agreed to temporarily stop receiving foreign military aid.

Vietnam welcomes and highly values the agreement reached between Chairman Hun Sen and Prince Sihanouk. We maintain that this is a new step toward an overall fair and rational political solution to the Cambodian issue.

The agreement reached between Prince Sihanouk and Chairman Hun Sen has reflected the Cambodian people's earnest aspirations for an early end to the civil war, which has caused imnmeasurable suffering to them.

Moreover, the agreement reached between Prince Sihanouk and Chairman Hun Sen has also shown that internal matters involving Cambodia's sovereignty must necessarily be resolved by the Cambodian people themselves. This is a decisive factor and there must be no imposition from the outside.

Broad segments of world opinion welcome the sense of cooperation and national reconciliation displayed by Prince Sihanouk and Chairman Hun Sen and believe that only such cooperation can help the issue achieve a breakthrough and quickly bring about a peaceful solution that responds to the interests of the Cambodian people. Many countries have officially welcomed that agreement and stand ready to help quickly bring about peace and stability in Cambodia and Southeast Asia.

[VNA Correspondent] Comrade, could you please say something about the possibility of extending the cease-fire and temporarily suspending foreign military aid to the Cambodian parties.

[Nguyen Co Thach] We believe that with the agreement reached between Prince Sihanouk and Chairman Hun Sen in Jakarta, all countries and parties concerned should positively contribute to reaching an early political solution to the Cambodian issue. The extension of the cease-fire in Cambodia and the temporary suspension of foreign military aid to the Cambodian parties in accordance with an initiative put forth by the Soviet Union and the United States on 23 September 1989 will create favorable conditions for the SNC to resolve its internal affairs.

Addressing the press in Jakarta on 7 June 1991, the foreign minister of the PRC said China's military aid to the Cambodian parties has been suspended since August 1990. We welcome that statement. This means that all countries supplying arms to the Cambodian parties have admitted that the two Cambodian parties have agreed to stop receiving military aid.

Together with Laos and Thailand, Vietnam stands ready to prevent foreign countries from shipping weapons to the Cambodian parties via its territory. We maintain that that temporary suspension of military aid should be put under effective international supervision.

Obviously, if there is no intervention and imposition from the outside, then the Cambodian factions can resolve their internal affairs by themselves.

Japanese Foreign Minister's Visit Continues

Meets With Nguyen Co Thach

BK1106114791 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 11 Jun 91

[Text] Today, 11 June, at the government's guest house, Nguyen Co Thach, vice premier and foreign minister, held talks with Japanese Foreign Minister Taro Nakayama on an official visit to our country.

Attending the talks on the Vietnamese side were Vice Foreign Minister Le Mai, our ambassador to Japan Vo Van Sung, Vuong Tri Thuc, acting head of the foreign ministry's Northeast Asia Department, and some high-ranking cadres of the Foreign Ministry. On the Japanese side were Japanese Ambassador to Vietnam Hiroyuki Yushita; [Takutaro Tamino], head of the Foreign Ministry's Asia Department; [Kazuo Ogora], head of the Foreign Ministry's Cultural Exchange Department, and some high-ranking officials of the Foreign Ministry.

At the talks, both sides informed each other of the situation in each other's country and exchanged views on the international issues of mutual interest.

Regarding the bilateral relations between the two countries, the two foreign ministers held that intensified exchanges in economic, cultural, and technological domains have contributed to developing friendship and mutual understanding between the peoples of the two countries.

The two ministers also exchanged views on measures to further strengthen the bilateral relations between the two countries in the new stage.

In covering international issues, including the Cambodian issue, both sides held that the Cambodian issue is nearing the final stage and a political solution should be attained soon. Vietnam highly appraised Japan's positive contributions to the settlement of the Cambodian issue. Vietnam asserted that it would continue to struggle together with all countries for a just and reasonable political solution for Cambodia.

Urges Phnom Penh Compromise

OW1106093191 Tokyo KYODO in English 0904 GMT 11 Jun 91

[By Masanori Kikuta]

[Text] Hanoi, June 11 KYODO—Japan renewed its call Tuesday for Vietnam to pressure the Phnom Penh government into compromising with three rebel groups to reach a negotiated, comprehensive solution to Cambodia's 12-year-old civil war. The appeal was made by Foreign Minister Taro Nakayama during a nearly three-hour meeting in Hanoi with Vietnamese Foreign Minister Nguyen Co Thach, a Japanese spokesman said.

Nakayama told Thach that countries involved in the peace process should exert their influence on Cambodia's four warring parties, noting Vietnam is also committed to the process, the spokesman said. There was "interesting progress" during peace talks in Jakarta last week, Nakayama was quoted as saying, in a reference to an agreement reached between Phnom Penh and two of the three rebel groups on the leadership of the Supreme National Council (SNC).

The SNC is an interim governing body supposed to represent Cambodian sovereignty until free elections are held.

Nakayama stressed the importance of continued calls for the Chinese-backed powerful Khmer Rouge rebel faction, which rejected the accord, to join the other two resistance partners in supporting it, but he said this depends on Beijing.

Nakayama called a peace plan mediated by the United Nations "the sole and realistic approach" toward a solution, adding that both Japan and Vietnam have major roles to play in this respect. He urged Vietnam to persuade the Phnom Penh government to be "more flexible" toward other issues under the peace plan, the spokesman said.

With the SNC yet to function because of a dispute over who should serve as its chairman and vice chairman, constructive talks among the four feuding parties are in doubt, Nakayama said.

He pledged Japan's continued efforts to press all the warring parties for compromise and urged Vietnam to do the same with Phnom Penh, the spokesman said.

Nakayama, who visited Beijing in April, said he will urge Chinese Foreign Minister Qian Qichen to help end the conflict during his expected upcoming visit to Tokyo.

Thach told Nakayama Vietnam made its greatest positive contribution to the international aspect of the conflict when it withdrew its troops from Phnom Penh last September, the spokesman said.

Vietnam invaded Cambodia in late 1978, ousted the Khmer Rouge from power, and installed the present government in January 1979, triggering the civil strife.

Japan and other capitalist countries imposed economic sanctions, including suspension of official lending, following the invasion.

The Khmer Rouge have been blamed for the deaths of an estimated million Cambodians through executions and starvation during its 1975-1979 rule.

The spokesman quoted Thach as saying it is important to prevent a recurrence of genocide by dealing with it in the peace plan, a point stressed by Phnom Penh during the Jakarta talks.

But he also said exclusion of the Khmer Rouge from the peace process would not mean a comprehensive solution as envisaged by the U.N. plan.

The Vietnamese foreign minister appreciated Japanese efforts to resolve these sticking points, including a Tokyo peace conference a year ago and recent informal proposals on the prevention of genocide, the spokesman said.

Referring to domestic issues, Thach told Nakayama that Hanoi will reaffirm its so-called "Doi Moi" reform policy at the Seventh Congress of the Vietnamese Communist Party slated for June 24-27.

Vietnam believes political reform would risk failure without economic reform, Thach was quoted as saying.

He cited a smaller trade deficit and slower inflation as examples of the economic reform program, and said Hanoi is pushing political reform as well by, among other things, giving the National Assembly a greater role in governing the country, the spokesman said.

Nakayama told Thach talented human resources are necessary for such reforms, which would eventually contribute to domestic and regional stability.

In this connection, he offered to expand the acceptance of Vietnamese trainees and students in Japan, the spokesman said.

Ahead of the meeting, Nakayama laid a wreath at the Ho Chi Minh Mausoleum enshrining the body of the late leader of the Vietnamese independence and anticolonial movement.

Nakayama was in Hanoi on the first leg of a two-nation tour which will also take him to Jakarta on Friday for talks with Indonesian Foreign Minister Ali Alatas on the Cambodian problem and bilateral issues.

He is scheduled to confer with Prime Minister Hun Sen of the Phnom Penh government in Ho Chi Minh City on Thursday and will return to Japan on Saturday.

Meets Do Muoi

BK1106142991 Hanoi VNA in English 1410 GMT 11 Jun 91

[Text] Hanoi VNA June 11—Chairman of the Council of Ministers Do Muoi received here this afternoon Japanese Foreign Minister Taro Nakayama and his party now on an official friendship visit to Vietnam.

Chairman Do Muoi warmly welcomed the guests' visit as a contribution to the strengthening of the friendship between the two countries. He expressed his satisfaction at Japan's fast economic, scientific and technical development which, he said, would enable Japan to contribute its effort to the economic development in Asia.

On the Cambodian issue, Do Muoi said: More than anybody else, Vietnam endears a reasonable and fair political solution to the Cambodia issue. So it always wants to cooperate with all countries to solve the issue on the basis of respect for the Cambodian people's right to self-determination. Do Muoi highly appreciated Japan's positive attitude towards the settlement of the Cambodian issue.

For his part, Taro Nakayama described his Vietnam visit as an expression of Japan's desire to start a new page in its relations with Vietnam. He highly appreciated the Vietnamese people's initial but important achievements in the process of renovation. He said Japan might share with Vietnam its experiences in post-war economic restoration and development.

The Japanese foreign minister conveyed the Japanese prime minister's best regards and invitation to Do Muoi to pay a visit to Japan. The Vietnamese leader accepted the invitation and asked the Japanese diplomat to convey his invitation to the Japanese Prime Minister to visit Vietnam. The Japanese diplomat expressed his wish that the two governments of Japan and Vietnam would cooperate in the early settlement of the Cambodian issue.

Also present on this occasion were Deputy Director of the Council of Ministers' Office Hoang Thuc Tan; Deputy Foreign Minister Le Mai; Vietnamese Ambassador to Japan Vo Van Sung; and Japanese Ambassador to Vietnam Hiroyuki Yusita.

Earlier in the morning, Foreign Minister Taro Nakayama and his party paid tributes to President Ho Chi Minh at his mausoleum, visiting his office and home.

Accord on Cambodia Reached

OW1106141291 Tokyo KYODO in English 1330 GMT 11 Jun 91

[Report by Masanori Kikuta]

[Text] Hanoi, June 11 KYODO—Japan and Vietnam agreed in principle Tuesday to cooperate in bringing about a comprehensive political solution to the 12-year-old war in Cambodia.

The accord was reached during consultations between Japanese Foreign Minister Taro Nakayama and Vietnamese Foreign Minister Nguyen Co Thach and Prime Minister Do Muoi, Japanese officials said.

Do Muoi offered to cooperate with Japan in ending the Cambodian conflict during his 45-minute meeting with Nakayama, the officials said.

Nakayama said the Cambodian issue is at a stage where the Cambodian people themselves should settle it now that all warring parties have agreed to base a comprehensive solution on a peace framework drafted by the United Nations.

He told Do Muoi that Vietnam, which installed the present Phnom Penh government in early 1979, can exert the greatest influence of all countries involved in the peace process.

He added Tokyo would like to cooperate with Hanoi because the Cambodian conflict faces an important phase with the draft peace plan ready.

At his meeting with Thach, Nakayama renewed Japan's call for Vietnam to press Phnom Penh to compromise with a tripartite resistance coalition for a negotiated political settlement to their strife.

Nakayama told Thach that countries involved in the peace process should exert their influence on Cambodia's warring parties, noting that Vietnam is also committed to it, a Japanese spokesman said.

There was "interesting progress" during peace talks in Jakarta last week, Nakayama was quoted as saying, in a reference to an agreement between Phnom Penh and two of the three resistance groups on the leadership of the Supreme National Council (SNC).

The SNC is an interim governing body supposed to represent Cambodian sovereignty until free elections are held.

Nakayama stressed the importance of continuing to call on the powerful Chinese-backed Khmer Rouge faction, which rejected the accord, to join the other two resistance partners in supporting it but he said this depends on Beijing.

Nakayama called a peace plan mediated by the United Nations "the sole and realistic approach" toward a solution, adding both Japan and Vietnam have major roles to play.

He urged Vietnam to persuade the Phnom Penh government to be "more flexible" toward other issues under the peace plan.

With the SNC yet to function due to a dispute over who its chairman and vice chairman should be, constructive talks among the four feuding parties are in doubt, Nakayama said.

He pledged Japan's continued efforts to press all the warring parties for compromise and urged Vietnam to do the same with Phnom Penh, the spokesman said.

Nakayama, who visited Beijing in April, said he will urge Chinese Foreign Minister Qian Qichen to help end the conflict during his upcoming visit to Tokyo. Qian is scheduled to arrive in Tokyo on June 25 for talks with Nakayama.

Thach told Nakayama Vietnam made its greatest contribution to the international aspect of a solution to the conflict when it withdrew its troops from Cambodia in September 1989, the spokesman said.

Vietnam invaded Cambodia in late 1978 and ousted the Khmer Rouge from power, triggering the strife.

The Khmer Rouge has been blamed for leaving an estimated million Cambodians dead through executions and starvation during its 1975- 1979 rule.

Thach said what is important is to prevent a recurrence of genocide by dealing this in the peace plan, a point stressed by Phnom Penh during the Jakarta talks, the spokesman said.

But he also said exclusion of the Khmer Rouge from the peace process would not mean a comprehensive solution as envisaged by the U.N. plan.

He expressed appreciation for Japanese efforts to resolve these sticking points, including a Tokyo peace conference a year ago and recent informal proposals on the prevention of genocide, the spokesman said.

Referring to domestic issues, Thach told Nakayama that Hanoi will reaffirm its so-called "Doi Moi" reform policy at the Seventh Congress of the Vietnamese Communist Party scheduled for June 24-27.

Vietnam believes political reform would risk failure without economic reform, Thach said.

Nakayama expressed support for the economic reform program in his meetings with both Do Muoi and Thach, officials said.

Nakayama told Thach that talented human resources are necessary for such reforms, which would eventually contribute to domestic and regional stability.

In this connection, he offered to expand the acceptance of Vietnamese trainees and students in Japan, the spokesman said.

Nakayama also paid a courtesy call on Vietnam's head of state, Vo Chi Cong, whose official title is chairman of the council of state.

Ahead of the meetings, Nakayama laid a wreath at the Ho Chi Minh Mausoleum enshrining the body of the late leader of the Vietnamese independence and anticolonial movement.

Nakayama was in Hanoi on the first leg of a two-nation tour which will also take him to Jakarta on Friday for talks with Indonesian Foreign Minister Ali Alatas on the Cambodian problem and bilateral issues.

He is scheduled to confer with Prime Minister Hun Sen of the Phnom Penh government in Ho Chi Minh City on Thursday. He will return to Japan on Sunday.

Meets Vo Chi Cong

BK1106143991 Hanoi VNA in English 1404 GMT 11 Jun 91

[Text] Hanoi VNA June 11—State Council President Vo Chi Cong received here this afternoon Japanese Foreign Minister Taro Nakayama and his party now on a visit to Vietnam. Speaking to his guests, President Vo Chi Cong noted with satisfaction at the recent development in the relations between the two countries, and hoped that the visit will mark a new step of development in these relations.

President Vo Chi Cong informed his guest of some fundamental points in the renovation process in Vietnam, and dealt with some regional and international issues. He asked the Japanese Foreign Minister to convey his best wishes to the Japanese emperor.

Minister Taro Nakayama expressed his joy at visiting Vietnam at the time of many historic events, hailed the renovation process in Vietnam, and expressed Japan's readiness for cooperation with Vietnam in the economic field.

The Japanese minister thanked President Vo Chi Cong for his cordial and friendly reception given him and his party.

Among those present at the reception were Deputy Foreign Minister Le Mai and Japanese Ambassador to Vietnam Hiroyuki Yusita.

Hanoi International on Visit

BK1106132191 Hanoi Voice of Vietnam in English 1000 GMT 11 Jun 91

[Radio Opinion: "Japanese Foreign Minister Taro Naykayama's First Working Day in Vietnam"]

[Text] The Japanese Foreign Minister Taro Naykayama arrived in Vietnam for an official friendship visit on Monday. He was accompanied by some officials of the Japanese Foreign Ministry. Upon his arrival, he was received by Mr. Nguyen Co Thach, vice chairman of the Council of Ministers and foreign minister, and other senior officials of the Vietnamese Foreign Ministry.

Later, he was given a banquet by Mr. Nguyen Co Thach at the government's guest house. On Tuesday, he has a working session, then holds talks with Vietnamese leaders and Vietnamese foreign minister.

It is believed that this Vietnam visit will strengthen the Vietnam-Japan relationship, a remarkable development has been made in the relations between the two countries, especially in the economic field. According to WASHINGTON POST, Japan is leading the race to the Vietnamese market. The Japanese external trading organization [JETRO] makes known Japan's intention to increase investments in Vietnam, getting ready to open wide all doors to Vietnam when it is allowed.

For that very reason, the current Vietnam visit, the first official visit made by the Japanese foreign minister, is an important significance to the relationship between the two countries. Public opinion in both Vietnam and Japan wish that through this visit all doors will be open wide for the ties between the two countries. This will materialize the aspirations of the economists of both countries for the strong investment in Vietnam and wide access to the Vietnamese market.

Australia

Blewett Speaks on Rabuka's Destabilizing Remarks

BK1006073891 Melbourne Radio Australia in English 0500 GMT 10 Jun 91

[Text] Australia is watching Fiji with concern after General Rabuka's comments. Acting foreign minister, Neal Blewett, said the remarks may destabilize the process, set up after the two 1987 coups, of moving to a more democratic system of government. Dr. Blewett says the Australian Government would not want to see any further military involvement in Fiji politics but he has refused to be drawn on an Australian role if another coup is staged.

[Begin Blewett recording] The Australian Government does regret the tenor of Major General Rabuka's remarks, and we certainly would not want to see any further military involvement in the politics of Fiji. We do want to see the interim process that is now taking place move Fiji towards elections and more democratic forms of government. [end recording]

Howe on New Spending Budget, Economic Spokesmen

BK0906070491 Melbourne Radio Australia in English 0500 GMT 9 Jun 91

[Text] Australia's deputy prime minister, Brian Howe, says sharp limits on spending will be maintained in this year's budget. He disclosed the spending limit [words indistinct] is expected to reflect government concern about a high level of unemployment.

Mr. Howe said new spending priorities would include training programs aimed at helping those without jobs to return to the work force as soon as possible. He said that the new skills acquired in the training programs would also help to increase productivity in Australian industry.

Mr. Howe also referred to nervousness in financial markets last week after the failed challenge for the leadership of the ruling Australian Labor Party by the former treasurer, Paul Keating. Some of the nervousness was attributed to comments made by senior ministers in the wake of the challenge.

Mr. Howe and three members of the new cabinet will be main spokesmen on economic matters—the prime minister, Bob Hawke; the treasurer, John Kerin; and the finance minister, Ralph Willis.

Fiji

Rabuka's Resignation Demand Worries Government

BK0806131991 Hong Kong AFP in English 0935 GMT 8 Jun 91

[Text] Suva, June 8 (AFP)—Fiji's interim government admitted Saturday to being concerned about what appears to be a blunt demand for its resignation by Major General Sitiveni Rabuka, the coup- leader who installed it.

Deputy Prime Minister Josefata Kamikamica said that while the government would study Maj. Gen. Rabuka's comments "thoroughly next week" it did not intend to leave office.

But Mr. Kamikamica described the army commander's comments as "serious" adding: "I think they will be given careful consideration".

In an interview published here Saturday Maj. Gen. Rabuka said the government—which he installed after leading two coups in 1987—was becoming increasingly unpopular.

He described it as "a reactionary government" which was ignorant of the plight of the poor.

And he said it had lost credibility with unpopular policies like its proposal to introduce a value-added tax, its failure to resolve a three-month old gold miners' strike and its failure to settle a harvest boycott by ethnic Indian sugarcane growers.

In what was viewed as a hint that he could grab power again, he said "it is not really necessary" for him to take over power but it would be "a mere repossesion" of power if he did.

This was a reference to the formation of the interim government following a second coup he lauched in late 1987 to reassert the aims of the original coup in May that year of entrenching indigenous Fijian political dominance over the big Indian population.

Mr. Kamikamica declined to speculate what action the government could take, but he said the seriousness of the criticism would warrant a "government response next week."

Robin Yarrow, secretary to the prime minister's office, said Prime Minister Ratu Sir Kamisese Mara would return from leave this weekend and the matter could then be raised.

"We'll have to see what develops on Monday," said Mr. Yarrow.

Fiji's Indian-dominated National Federation Party-Fiji Labour coalition opposition, whose government was deposed in the first of the 1987 coups, said it was always believed there was a rift between the administration and the army.

Mahendra Chaudhry, the coalition's finance minister and leader of the National Farmers Union which is spearheading a harvest boycott, said the army commander was "also tired of the government."

Some foreign embassies have recently reported to their governments clear signs Maj. Gen. Rabuka was moving to distance himself from the interim government.

He is now apparently taking a more confrontational stance with the government and the new Fijian political party it has formed to fight elections announced for next year.

This follows a growing rift between him on one side and the prime minister and President Ratu Sir Penaia Ganilau on the other.

The duo recently rejected his ultimatum that either he replace the prime minister and choose his own cabinet or become a co-deputy prime minister and also hold the army commander's job.

The government agreed to him giving up the army job to join the cabinet as co-deputy and home affairs minister.

But Maj. Gen. Rabuka said he would only take up an offer to become deputy prime minister if he could also remain head of the armed forces.

Reservists Ordered To Report to Headquarters

BK1106040291 Hong Kong AFP in English 0355 GMT 11 Jun 91

[Text] Suva, June 11 (AFP)—Fiji's Army Commander Sitiveni Rabuka has ordered all reservists to report to their local headquarters this week, a military statement said before the government met to consider his future Tuesday. The statement, issued late Monday, said all military personnel should "undergo respective medical board inspections and have their records upgraded" before the end of the week.

The cabinet was holding its regular weekly meeting here Tuesday and was expected to issue a reply to Major General Rabuka's call that it resign.

Maj. Gen. Rabuka, who overthrew Fiji's last elected government in 1987, told THE FIJI TIMES last week that the government under Prime Minister Sir Ratu Kamisese Mara was "reactionary" and out of touch with the people, and should resign.

The military statement also said that Maj. Gen. Rabuka had made some high-level changes to his staff. The changes included the reinstatement of his former chief of staff, Brigadier Ratu Epeli Ganilau, the son of President Sir Ratu Penaia Ganilau and son-in-law of Ratu Mara. Brigadier George Kounusi Konrote, who was appointed chief of staff in Ratu Epeli Ganilau's place, has been made deputy force commander, the statement said.

THE FIJI TIMES on Monday said that Maj. Gen. Rabuka had "set the stage for a major showdown with the interim administration" by calling on it to quit.

In an interview published Saturday, the commander said it was "not really necessary" for him to mount another military coup because if he did so, it would only be "repossession" of the power he vested in President Sir Ratu Penaia Ganilau after the two coups of 1987.

New Caledonia

Kanak Socialist Group Waits for Independence

BK0906105191 Hong Kong AFP in English 1030 GMT 9 Jun 91

[Text] Poindimie, New Caledonia, June 9 (AFP)—The Kanak Socialist National Liberation Front (FLNKS) said on ending a meeting here that it had ignored proposals for a new deal with European settlers, holding out for eventual independence.

A proposal by Jacques Lafleur, head of the anti-independence Rally for Caledonia in the Republic (RPCR), for a "consensual solution" based on greater autonomy for the French Pacific territory "was not discussed at the convention," FLNKS President Paul Neaoutyne said.

The RPCR proposal would supersede a referendum on self-determination set for 1998 under a peace accord brokered by French Premier Michel Rocard and signed in Paris by the FLNKS and RPCR in 1988.

The FLNKS president recalled that the referendum "remains a determining stage in New Caledonia's march towards independence."

FLNKS remains "open to any proposal, but the consensus is not a proposal, it is an established fact," he added.

At the convention, which ended Saturday, participants reelected Mr. Neaoutyne and the vice president, Rock Wamytan, as well as Politburo members.

Mr. Neaoutyne told a press conference that each of the several FLNKS factions would retain an equal voice in the Politburo, (? drawing) down a demand by leaders of the main faction, the Caledonian Union, to drop the system.

Another proposal by the faction was adopted: so-called fighting committees would be replaced by coordinating committees.

The FLNKS president said the convention introduced committees designed to involve militants in economic development, although former "fighting committees could reemerge if the situation requires it," he said.

Mr. Neaoutyne announced that FLNKS would hold several more meetings in coming months to deal with issues of property, culture, economic development, education and training, and social and health problems.

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Murakami argues that depreciation expenses of 100 billion a year and retained earnings will supply much of the need. But these sources alone will not be sufficient. At the same time, the company has set itself the ambitious goal of raising its self-owned capital ratio to 50 percent. It is considering selling off some undeveloped land holdings in order to raise the money. Although some inside the company have opposed the idea of selling off holdings that previous generations at Kawasaki had amassed, Murakami says that the idea that such sales merely involve turning old assets into new ones (in the form of the latest equipment) has prevailed. Nor is the company relying on such sales alone to raise the money it needs, of course; it must also consider raising large amounts of capital on the markets. "We'll mobilize everyone behind everything we can think of; we'll raise the money," says Murakami.

If Kawasaki can get through the next five years, its future will be assured. It will be the strongest steelmaker in the world and its new businesses will grow into sources of large profits.

"I tell everybody to grit their teeth and endure the next 5 years," says Namizaki. "If we can just do that, the future will be bright."

That 5-year marathon has in fact begun.

Idemitsu Vice President Interview on Investment

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[Interview with Yuji Idemitsu, vice president of Idemitsu Kohsan Co. Ltd.; date and place of interview not given]

[Text] The ASAHI SHIMBUN interviewed Yuji Idemitsu, vice- president of Idemitsu Kohsan Co.Ltd., on conditions in the domestic oil industry.

Asahi: Has there been any change in the demand for petroleum products such as gasoline or kerosene?

Idemitsu: The continued economic boom has had a major impact upon our lifestyles. The popularity of larger, luxury automobiles, and the diffusion of appliances such as air conditioners, have resulted in a much higher consumption of energy. Consequently, the sales volume of petroleum products for fiscal 1990 increased 5 percent for gasoline, and 8 percent for kerosene. Altogether, fuel oil sales registered approximately 220 million kiloliters, a 3 percent increase over the previous year. This is nearing the record 235 million kiloliters posted in 1978 just prior to the second oil crisis. In the wake of that oil crisis, there was much progress in energy conservation and the use of alternate fuels. However, after bottoming out in 1985, demand for petroleum products has steadily increased.

Asahi: In other words, despite the crisis and war in the Persian Gulf, there has not been any reduction in oil consumption such as we experienced around the time of the oil crisis.

Idemitsu: Current petroleum reserves stand at a 142 day supply. This is a substantial increase over the amount of reserves that existed before the oil crisis. Also, production increases by Saudi Arabia compensated for the oil that we were unable to import from Iraq or Kuwait, and as a result there was never much concern about supplies. On the other hand, industry has done virtually all it can to promote achieve energy conservation and there is little room for making these measures more effective.

More Luxury Cars

Asahi: But what about changes in overall demand such as the slump in auto sales?

Idemitsu: Overall auto sales may be down, but the boom in luxury automobiles continues, and the number of cars with large engines is increasing. As a result, the demand for gasoline is bound to increase to a certain extent. Traffic congestion and the shortage of parking spaces continue to plague the larger cities, however once a person experiences the convenience of owning a car, it's hard to give it up. Diesel demand, such as for delivery trucks, is also much greater than predicted a few years ago because of the continued boom in demand for freight transportation. Direct producer deliveries of vegetables, fruits, or seafoods, as well as home deliveries of sports supplies such as golf or ski equipment are also on the upswing.

Capacity at Limit

Asahi: Will the industry maintain its high level of capital investment?

Idemeitsu: According to the Ministry of International Trade and Industry, our industry posted a record high Y [yen] 500 billion capital investment in 1990. Each company continues to show plenty of appetite for further investment for 1991, so we expect that figure to rise.

At the back of this lies the shift in domestic demand from heavy oil to refined products such as gasoline or diesel. There is now a shortage in refining facilities, and an expected rise in the demand for refined products means that current capacities will soon be stretched to their limit. Since it takes about six or seven years to construct a refinery, the industry is in a bit of a pinch. the shortage of refining capacity in Asia in the aftermath of the Gulf war has brought this whole problem into sharp relief. We must start thinking about expanding capacities as well as restricting the export of petroleum products.

Dependence on Oil

Asahi: But the government is working toward lowering the country's energy dependence upon petroleum.

Idemitsu: There is no question that, with heightening concerns over the global environment, there is a growing world-wide effort to reduce dependence upon petroleum. On the other hand, nuclear power plants are not being established as rapidly as once anticipated, and other forms of alternate energy sources are not so easy to develop. Currently, Japan depends upon petroleum for about 58 percent of its energy needs. It's hard to imagine this figure dropping below 50 percent by the year 2000.

* Local Merger & Acquisition Markets Discussed

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[Text] **"Among Japanese companies, there will be none that do not have some relation to an M&A (corporate merger and acquisition)." This is according to (Mitsuo) Goto, president of Nomura Corporate Information section of Nomura Securities, a company specializing in M&A's. There is a sudden rise in M&A's involved in NIES [newly industrializing economic societies] that form the backbone of outlying areas, and those involved in these M&A's will not be able to avoid disruptions in the state of affairs in those regions. The thing that Nomura Corporate Information set about doing in this regard was collaborating with regional banks. Other banks and securities firms entered the competition, and, with regional banks as a staging ground, the M&A market has begun to look like a dogfight.**

Nisshin Spinning Co. Buys Out Regional Company With Annual Sales of 1 Billion Yen

"We might be able to provide some advice on inheritance measures." This was how a trader from the Nagoya Station Branch of Nomura Securities approached Kinnosuke Inoue, president of the high quality napkin maker, Tokai Paper Co., located in Gifu Prefecture, on 6 July 1989.

Not taking the offer seriously, President Inoue intended to turn it down. "There is nothing to inherit. I have no estate to pass on and no one to inherit anything. In 2 or 3 years I will sell the company and retire comfortably."

This conversation was reported that very day to Nomura Corporate Information, a company specializing in M&A's and affiliated with Nomura Securities. The next day, a manager at Nomura Corporate Information proposed a buyout of Tokai Paper to the major textile manufacturer Nisshin Spinning Co. On 11 July he paid a visit to Gifu along with executives of Nisshin Spinning.

President Inoue was the one who was surprised. "A major company like Nisshin Spinning should not be buying a tiny backwater company like mine. I went ahead and met with them anyway, sure that it was some kind of joke."

Tokai's annual sales are only about 1 billion yen, but it has continuously produced over 100 million yen in reported earnings. The company's main product, napkins, are a high-quality line of embellished goods used for decorative purposes. The napkins are "sold soon after they are made," according to Inoue.

For Nisshin Spinning, which is currently strengthening its position in the paper products area, Tokai was an attractive company. So a Nisshin executive, Nobuyoshi Watanabe, visited Gifu. "I had heard that this was a very profitable company, and that the factory management and environment, as well as the products, were all good. So I decided to come and see."

Inoue was very impressed by the fact that an executive of a major company would pay him a personal visit. Moreover, Inoue had no successor. He intuitively felt that Nisshin would make a good partner to entrust with the continuation and development of Tokai Paper, which he had established and fostered on his own.

On 21 January 1990, both parties sat around a table at a hotel in Nagoya for the official ceremonies. In the past 6 months or so, directors from Nomura Corporate Information have made numerous visits to Gifu, busily engaging themselves in negotiating the terms, including the buyout price.

Collaboration With 12 Regional Banks

Zenji Yoshida, a member of the board of directors of Juroku Bank, Ltd. (headquartered in Gifu City), Tokai's principal bank, disclosed that, "among Juroku's clients, Tokai is very highly regarded. In spite of this, there are more than a few areas of concern, such as the fact that there is no successor to Inoue, and personnel are not being attracted due to the severe labor shortage."

M&A's in Japan are steadily increasing, but "80 to 90 percent of these are due to difficulties regarding a successor," according to an M&A specialist at a major city bank. Tokai Paper is no exception.

M&A's are a favorable means of resolving concerns regarding a successor. However, regional banks do not have staffs specializing in M&A, and have not accumulated sufficient "know-how." It was conceivable that important clients would be snatched away by city banks using mediation in M&A's as a foothold.

Nomura Corporate Information set its eyes upon the plight of the regional banks. Director (Hirotsugi) Sasaki states that, "the regional banks' branch president's offices are like a treasury of information for Nomura. Nomura will endeavor to jointly utilize the abundant information about companies that regional banks maintain and the know-how of Nomura."

The case of Nisshin and Tokai became the impetus for Nomura Corporate Information and Juroku Bank to join in an "agreement on collaboration in the business of M&A," which was accomplished in July 1990.

The agreement itself "roughly states that settlement by word of mouth is sufficient," according to Juroku Director Furuta, and consists of a total five clauses.

It is determined that information provided concerning M&A's, and jointly shared information will be kept secret, and that, when a merger or acquisition results from information provided by the regional bank, as a general rule, commissions will be divided 80 percent to Nomura and 20 percent to the regional bank.

Nomura Corporate Information began with Juroku, and in a little more than half a year has managed tie-ups with 12 regional banks. Public announcements have been made with regard to four of the banks: Juroku Bank, Awa Bank, Fukui Bank, and Oita Bank. The remaining banks have not been announced, but Nomura reportedly has linked up with powerful regional banks in the Tokyo Metropolitan area.

In outlying regions, Nomura Securities has no more than one or two branches at the most in a single prefecture. On the other hand, regional banks have a network of dozens of branches. The existence alone of those branches provides ample opportunities to accumulate information and needs with regard to mergers and acquisitions of regional companies.

President (Hiro) Goto claims that, "the goal was to get a direct link to regional company markets." Goto has himself held a number of meetings with groups of regional bank branch presidents, and has expounded the merits of M&A's. That is why there are great expectations with regard to collaboration with regional banks.

City Banks Make Their Move

On the other side of the coin, other banks and securities firms have begun to set their sights on regional banks which are sources of abundant information on sales items. To begin with, credit associations and long-term credit banks, whose branches are few in number, have formed partnerships with regional banks. Specifically, those that have made moves are the Long-Term Credit Bank of Japan and the Sumitomo Trust and Banking Co.

The Long-Term Credit Bank claims that it "has already established partnerships with a number of banks, and some business actually has materialized based on this cooperation." It approaches regional banks with the proposition that "if they are cooperating with Nomura then it is just as well to cooperate with the Long-Term Credit Bank."

Nomura Corporate Information's partnerships with regional banks have given rise to criticism from city banks. Among those entering into partnerships are regional banks that traditionally have had close relationships with city banks. One of the reasons that Nomura has not publicized the names of regional banks with which it is cooperating is Nomura's desire to not irritate city banks.

Some city banks are confident that they "are receiving endless advice (concerning M&A's) from new regional banks. Even without a written contract we are able to do the same thing that Nomura does." However, some city banks also have begun to enter into partnerships with regional banks in direct competition with Nomura Corporate Information.

An M&A specialist from one city bank complains that "it may sound self-contradictory to say such things, having personally gone about making partnerships with regional banks."

"In this type of work, it absolutely cannot be said that because an agreement has been concluded on paper the course is set. However, when we have been told something like 'a certain securities firm or a certain bank has told us such-and-such, so how about your bank?' by a regional bank, then our bank has had to act similarly."

On the city bank's side there are not such high expectations of partnerships with regional banks. The same M&A specialist said with a bored expression that he "was pressed to even handle the deals proposed by the branches of my own bank, and I must inform the regional bank every step of the way. Moreover, the proposed deals are small, only around 100 million yen. If a deal is not at least 500 million or 1 billion yen, it's not worth it. So cooperation has been fruitless."

From the perspective of regional banks, they have had their choice of partners. Some have even tied up with numerous banks and securities firms. Up to now information has been collected through the various networks for domestic deals, so there has not been the competition for foreign deals, but from now on banks and securities firms probably will use regional banks as a platform from which to converge on such deals.

The firm that touched this off is Nomura Corporate Information.

Real Value Yet To Be Determined

Originally, Nomura Corporate Information got aggressively involved in domestic deals. Their position consistently came to be "regardless of whether the deal is a large or small one, every case would be given a 5 year trial, and if in the course of those 5 years there was a profit then that was good," according to President Goto.

Nomura Corporate Information is a joint venture between the Nomura Group and Wasserstein, Perella (WP), a prominent U.S. company that specializes in M&A's. Nomura Securities invested 20 percent, $100 million, in WP, and WP invested 20 percent, 100 million yen, in Nomura Corporate Information, to form a partnership. Although it is claimed that "the partnership was formed only in anticipation of making megadeals in the United States" (according to Nomura Securities director Yoshio Matsui), the thing that Nomura Securities wants most from Nomura Corporate Information is none other than a part in major foreign buyouts through cooperation with WP.

Nomura Corporate Information, however, has carefully focused its efforts on domestic deals rather than foreign deals. Because of that, a U.S. magazine has jeeringly remarked that "Nomura Corporate Information's deals are small potatoes."

Even with that Nomura did not change its policy due to the characteristic judgement of President Goto that, "in the future domestic deals will increase." The current in the M&A market has in fact shifted to a domestic course, and the changes to smaller companies as the mainstay of M&A's, to a regional orientation, and to Japanese methods are rapidly progressing.

Even partnerships with regional banks have, in a remarkably natural way, emerged along this same current. This unexpectedly has widely reflected on other banks and securites firms, but there is no change in the position stated by Nomura Corporate Information Director Sasaki that, "we believe that we cannot accomplish M&A's on our own. We must therefore link up with regional banks."

At present there has not been even one deal made as a result of a partnership with a regional bank. There are arrangements to bring information through M&A hotlines from banks that belong to these partnerships, and information has been gathered on about 20 prospects, but it has been a mixture of good and bad.

Director Sasaki claims that, "one point to consider is the degree of understanding on the part of those in charge at the branches of regional banks. It takes time and effort." Nomura has taken the initiative in scouting for deals in outlying areas, but it remains to be seen how valuable partnerships with regional banks will be.

* Underground Economy Connection Noted

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[Article by SHUKAN TOYO KEIZAI underground economy coverage section: "A Warning About Organized-Crime Capitalism"]

[Excerpts] What on earth has become of the Japanese economy, which leads the world? Where and how has it gone haywire? [passage omitted] What is now being done before our eyes is the unsightly reality of Japan's economy and society, in which the "behind-the-scenes side" and the "outward side" have joined in a manner difficult to separate.

On 1 March the Special Investigation Section of the Tokyo District Court rearrested Mitsuhiro Otani, representative of the (speculator) group, Koshin, on a charge of extortion.

"Two hit men are here from Osaka." "(The gang) will also run up to the Saitama Bank." "We will turn over to a gang-related company (Janome stock that we bought up)."

Representative Otani intimidated (then) Janome President Akira Morita (formerly of the Saitama Bank, Ltd.) and (then) Vice President Hiroshi Saito (formerly of the Saitama Bank) by saying terrible things, and extracted a loan of Y30 billion from a Saitama Bank affiliated leasing company. In addition, he caused a Janome subsidiary to take over Y187.5 billion that he had borrowed from a non-bank. Of course we cannot excuse Representative Otani's completely despicable intimidation. But, what disappoints one is that the intimidated side ended up cozying up so easily to the side that intimidated it. In July 1990, an interview with (then) Janome President Hiroshi Saito (promoted to president from vice-president in November 1989). Saito was flattering Representative Otani's sworn friend, Nanatomi's Masayuki Yasuda (assumed office of Janome vice president in November 1989) so much that those who heard him were embarassed.

"The resort that Mr. Yasuda is managing is great. It would be nice if you go there sometime. He is going to be a terrific entrepreneur." "He is even taking the lead in innovation within Janome. Therefore, I, myself, am taking Mr. Yasuda to various banks and introducing him."

To take the trouble to introduce to other banks the sworn friend of Representative Otani, who brandished "hit men,"—this, indeed, has not the slightest sense of shame or businessman's honor.

An abnormal relationship of interdependence in which the outward business society and dark forces end up "conspiring" before one knows it. What is shocking is the fact that Janome is not at all an exceptional special case. A leading Liberal Democratic Party Diet member who is considered to be well versed on "such circles" says:

"Whether one takes banks or general contractors, the actual situation is that they are in a symbiotic relationship with kumi (gangs). The fear of gangs is indispensable in raising the price of land, and even in collusion, the one who has a gang behind him will hold the initiative. The companies are appropriating 5 percent or 10 percent (of sales) to expenditure to gangs. No matter where you cut the Japanese economy, that is the state to which it has become. They are joined at the root. For one thing, the presidents of large enterprises are salaried employees, right? Rather than having responsibility for the company itself, or for the economy and society itself, they think they need only hold on to power while they are in office. In order to do that, they quickly make profits (even by using dark forces). Morality ends up becoming a secondary consideration."

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"Dark Forces" Which Devoured Itoman & Co., Ltd.

On 26 February Itoman spelled out its rebuilding policy for the present. It consists of transferring to receiving companies Y500 billion of the Y970 billion in real estate related investment and loans. However, there is no guarantee anywhere that the separated assets will stop at Y500 billion. "It will be Y800 billion by real estate assets alone. When you add on the investment and loans for paintings and golf courses, unproductive assets are boundless, they must approach Y1 trillion," (related source).

Truly, one can only say of Itoman's recent business (if it can be called business) is that it deviates from common sense. For example, the transaction in paintings that the Suemitsu Ito, "a pro at raising of land prices," (former managing director of Itoman) and Chong Ho-yong, a South Korean businessman residing in Japan, proposed to Itoman had a total value of Y67.8 billion. The value of paintings handled by Mitsukoshi's main branch is Y35.0 billion a year, so to begin with, the figure of Y67.8 billion is, itself, abnormal.

"Even if so, (the price of Itoman's painting transaction) was preposterous. (Former president Kawamura says 'I trusted it because it had a value appraisal certificate,' but, normally they do not give an appraisal certificate for the price. They will refuse even if there is a request. Because there are over 100 ways of inspection. Above all, whether it is skillfull or unskillfull is the subjective point of view of the individual. Such a thing as an objective appraisal cannot exist" (chief of a major department store's art department).

Itoman's main bank, The Sumitomo Bank, Ltd., took over loans from other banks, so the balance of the loans to Itoman has reached Y450 billion. In the future, as the separation and transfer of unproductive assets proceeds, it will be impossible to avoid expansion of this amount. "Ultimately the Sumitomo Bank may be forced to make repayment on the scale of Y500 billion related to Itoman," (Sumitomo Bank old boy).

A manager who was drawn into the moves of Chong's group against his will says: "I suspect they thought they would grab about one-half of the Sumitomo Bank." The dark forces bit into the pinnacle of the outward business society, a top bank, and was trying to thoughtlessly kill the credit system, itself.

Black Bait To Scatter on the Ground

Testimony 1: "They are good at that. Ingenious. After all, they are pros who think about nothing but deceiving. Looked at from the gangsters' side, I suppose somebody like Kawamura would be a fool," (related source).

The dark forces never show their violent nature recklessly. They select their object with precision, and approach by feigning legality and rationality.

Then, Itoman President Kawamura, too, had an unguarded moment. It was 15 years since he had transferred to Itoman from the Sumitomo Bank. Although he had succeeded in rebuilding Itoman, the figures on his results were a long way from those of a first-class trading company. There also began to be heard from his old haunt, the Sumitomo Bank, the opinion "how about changing Kawamura before too long, he has been running things for a long time." Whatever may be the case while his patron, (then) Sumitomo Bank chairman, Ichiro Isoda, was in good health, with an eye to "the time after Isoda," he had to achieve results which would not allow the Sumitomo Bank to lay a finger on him.

The Chong Ho-Yong-Suemitsu Ito group noticed Kawamura's impatience. They scattered their bait.

In FY89, Gajoen Kanko Co., Ltd., which Ito took under his umbrella, purchased two golf courses from the KBS Lake Biwa Education Center (currently the International Education Academy) for which Chong served as representative, and resold them to two companies, including Ito, and made a profit of Y3 billion. The Itoman Group participated in this deal. "We beat down the price, and bought the golf course cheaply from people who had lost money in the speculation battle. We borrowed the purchasing money from Itoman Finance. The interest was 9 percent. We also paid a commission of Y1 billion in addition to the interest. Itoman probably made more of a killing than we did," (person related to Gajoen).

There was this kind of profit just from sharing a bit of a project designed by Chong.

President Kawamura chose Suemitsu Ito for Itoman managing director when Ito "rescued" stock of the Itoman Group's Tachikawa (listed on the second part of Tokyo Stock Exchange), which had been bought up by Aichi, a major (loan shark).

But according to someone connected to it, there was an air of "a fixed race" from the beginning.

"Ito and Aichi knew each other from a long way back. After Cosmo's chairman, Yasuji Ikeda, who bought up Gajoen, disappeared, the ones who really managed Gajoen were Chong and Aichi. Ito salvaged a letter that Chairman Ikeda had sent recklessly, and shouldered the "duty" of repaying (chairman Ikeda's) debt to Aichi. Ho and Ito's primary objective in aiming at Itoman was also to work out how to get that money to pay back the loan. The 'return' of the Tachikawa stock was one instance of scatter-bait before the 'main event'...."

The Shadow of Violent Devices

Testimony 2: "Kawamura's innermost heart has been won by Chong Ho-yong's charm. He says that he even met President No Tae-u with Chong's introduction. At the end of last year, when an acquaintance happened to meet Kawamura as he was making year-end visits, Kawamura said, 'There is no one as wonderful as him. I will introduce you to him soon, so meet him and see what he is like.' Because at that point in time he was still praising him to the skies," (related person).

They make their "control" complete by causing the top executive (President Kawamura) to fall in a sloppy manner, and flashing "violent devices" at the strategic point. This is the style established by the dark forces.

Initially Ito made his appearance by introducing himself as the leader of a mutual aid society, the "Heiankaku" Group. There are 170 mutual aid societies thoughout Japan which call themselves "Heiankaku." However, each of the mutual aid societies is an independent organization, so there is no national unified "Heiankaku" anywhere. Consequently, the act of calling himself "leader" is, itself, a barefaced misrepresentation. In spite of it being a totally obvious fact, I was shocked when I tried to gather material.

"I would rather not talk about that point. Would you please ask somewhere else," (a leading "Heiankaku" in the capital area).

And there is the Gajoen in the period when Ho and Aichi were "managing" it. "There were a group of more than a dozen gangsters who moved in on us. The staff were terrified. With eating and drinking, they bilked us out of all of Y40 million. To cap it all, they even went and took away from us title deeds to apartments in our company name," (person connected with the Gajoen).

Kokusai Kogyo Co., Ltd's former president, Akira Masuyama, who fought against Koshin's Representative Otani, was kind enough to testify concerning this kind of violent device. "From about October 1988 I was followed. There were four or five cars that followed me, and toward the end the number of people following me had probably become perhaps a few dozen. They constantly tapped my phone. Once, important executives assembled at a building in Yurakucho, and at that time the lobby was overflowing with that kind of person."

Connection at One Stroke Between the "Outward" and the "Behind the Scenes"

On the same 1 March on which Representative Otani of Koshin was rearrested, the Kinki Bureau of Telecommunications hearings were held at the headquarters of Kinki Broadcasting System (KBS). That was the first time that President Kunio Fukumoto became a direct object of the hearings.

It was in June 1989 that they drew out a loan of Y14.6 billion from Daiei Finance with such things as KBS land and headquarters office building as collateral. KBS' total assets were Y8 billion. "We have never even heard of a company of that size burdening itself with this huge a debt," (Kinki Bureau of Telecommunications). It was an "incident" which greatly amazed the supervisory government office.

According to Daiei Finance, which made the loan, "We received a request from a major city bank. The Kinki Broadcasting System intends to embark on developing golf courses. It asked us to make the loan to KBS Development, of which, at that time, (KBS) president, (Kazutaka) Uchida served as president and the Kinki Broadcasting System held 60 percent of the stock."

Uchida is a representative at present, too, but KBS Development (now Cosmo Century) has another representative. He is Suemitsu Ito. "This was proposed by Ito. I have heard that the major bank which made a request to Daiei Finance was the Sumitomo Bank," (related person).

On 19 February, 2 weeks before the hearings, a special meeting of executives was held at KBS. One man vanished into KBS headquarters in order to shake off the press corps. The man was Chong Ho-yong. Why would Chong, who is not even an executive, attend a crisis special meeting of executives?

Chong's Lineup

Chong first made an entrance on the Kyoto scene in 1983. The first was that Chong participated somewhat in the out-of-court settlement of a traffic accident of Kazutaka Uchida, who was serving as president of the Kinki Broadcasting Service," (a local person related to the mass media).

With this as the opportunity, Chong gradually made inroads into Kinki Broadcasting System, and in July 1984 he took his place as the representative of two KBS subsidiaries: the KBS Education Center (now the International Education Academy) and the Trust Service.

Chong rallied the KBS group of the "Incident of Improper Issuing of a Nippon Lace Co., Ltd. Draft," which became very famous, and his own group.

The ones which were connected with the draft for Y5 billion were the Trust Service, Human Society, Hanshin Construction and so on. Masamitsu Sato, the representative of Human Society, which sold Kobe land to Nippon Lace, is now serving as representative director of the Kansai Shimbunsha and Kansai Community, and these two companies are the very ones that made a Y55.7 billion painting transaction with Itoman. Sato is also the person who in June 1990 "received an underworld official appointment" (related person) and entered Itoman along with KANSAI SHIMBUN president, Kazuhiro Ikejiri (he left the company on 20 November, keeping step with the retirement of Suemitsu Ito from managing director).

Junzo Okamoto, president of Okamoto Construction, which underwrote Nippon Lace's draft, is a friend of Chong Ho-yong, and is considered to be the model for the star of the once-popular comedy "The Flower Cheering Section." At that point in time the prototype of the military forces which invaded Itoman was formed.

KBS and Itoman

Needless to say, the next stage that Chong Ho-yong, who had "acquired" public radio broadcasting, aimed at was

Itoman. He will not repeat his manner of expanding at Itoman. But he was not contented just to run riot with Itoman as his stage.

It appears as if Ho was starting projects on a larger scale by merging Itoman and KBS.

One was KBS Development's golf course project, which has now become an issue. According to local businessmen, "permission to develop the site of that golf course has not been given, and there are also Kyoto City's conditions, so purchase of the site has not been completed either."

There is no project as haphazard as this one, but money became attached to it precisely because it had the double reliability of being started by a subsidiary of KBS, a public broadcasting station, and Itoman jointly guaranteeing it (a strict written promise in the name of President Kawamura is included).

There is more. The "Circuit Resort" plan which Itoman and the KBS Group managed jointly in Shobara City, Hiroshima Prefecture. Total expenditure for the project was Y60 billion. This project began from Suemitsu Ito and Chong visiting the area by chance in May 1990. Two months after that, the first explanation meeting was already held at the locality. It was an announcement that Itoman, KANSAI SHIMBUN, KBS Education Center and KYOTO SHIMBUN would invest capital in the "World Imperial Wing," the centerpiece of the project. It was literally a comprehensive performance by the "entire cast" of Itoman and the KBS Group. What is clear even to an amateur's eyes is that 2 months is far too short a time for conducting a feasibility study for a Y60 billion project.

The Sense of the Existence of "Kyoto's Boss"

The question is how the supervisory government office, the Ministry of Posts and Telecommunications, overlooked so slipshod a project. On the contrary, one cannot get a clear answer from the Kinki Bureau of Telecommunications to the question "Did you not know, until the Itoman affair surfaced, that even KBS headquarters was pledged as collateral?"

The one who said, "Chong put on a double safety device" was a local journalist.

One of the safety devices was Kunio Fukumura (63 years old), president of KBS. He is a person better known as "a behind-the-scenes fixer for the Liberal Democratic Party" than the art-dealer title of president of Fuji International Art. He became acquainted with Chong through mutual acquaintances, and the theory persists that his appointment to president of KBS was also due to Chong's "influence." In such a way as to endorse Fukumoto's political power, simultaneous with Fukumoto's appointment to company president, Takenobu Naito, the son-in-law of former prime minister Noboru Takeshita, was appointed managing director of KBS.

But another safety device has a far greater meaning. It is the existence of Yoshiharu Sandan.

KBS' leading stockholder is the company, Kyoto Finance, and the big stockholder of Kyoto Finance, in turn, is the Kyoto Fund. And the one who holds 80 percent of Kyoto Fund's stock is Yoshiharu Sandan, 60 years old. It is said that this person, who possesses the titles of Permanent Adviser to the Kyoto Credit Union, chairman of the board of directors of the Kyoto Autonomous Economic Council and chairman of the Kyoto Fund "rules Kyoto for all practical purposes" (reporter for a local paper).

"Sandan actively helps police officers to find jobs after retirement. There are countless old boys of the Kyoto Prefectural Police who have entered the Kyoto Credit Union. That Shigeru Shimada, who was in the Second Investigation Division, became an executive of KBS is also typical of that. Those who come after, watch the moves of their seniors, so it gradually comes about that they begin to approach Sandan while still serving as police."

"It is an old story, but in 1983, when an improper loan of Y1 billion was discovered at the Bank of Kyoto, Ltd., the one who first informed the bank was Sandan, who had obtained police intelligence. Following that, Sandan made inroads into the Bank of Kyoto, too," (person related to the Prefectural Police).

It is "a control structure which is which connects at one stroke the outward and the behind the scenes, and holds them tightly together." It controls the media, financial circles and the police, and "has influence with gangs, too." (informed local person). "Sandan says that he does not participate in Itoman, but the owner of Kansai Shimbunsha's land and buildings is Kyoto Finance. It is funny for Chong, who calls himself the owner of KANSAI SHIMBUN, to not possess even a single share of KANSAI SHIMBUN stock," (local journalist).

Speaking of that, in October 1990, when Itoman began to become a scandal, a person connected with the Special Investigation Department of the Osaka District Court was saying idly: "When a scandal occurs in Kansai there are always four walls that bar one's way. One is gangsters, one is Kyoto's boss...."

It Is Precisely the Firm Resolve of Companies

A new bill will be placed before the Diet this month. It is said to be an "epoch-making bill" which will make a searching inquiry into the illegal sources of funds of the underground world, which up to now has been left to do as it pleases (person connected with legislation).

But even though one has hopes for the bill, it is not the sort of situation which permits optimism. Because the Itoman scandal is not an illness of Itoman alone, what has allowed the rise of underground power is none other than the pathology of the outward society, the pathology of the entire current legal system.

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For example, one of a gang's main sources of revenue is the collection of debts. Under current law, if the creditor tries to recover it in accordance with law, he must be resigned to spending a great deal of time and going through complicated procedures.

But if one commissions a gang to collect it, "certain" recovery in a short time becomes possible. "In Kansai there clearly exist debt collectors connected with the Y [Yamaguchi] gang." If one places the matter in their hands 15 percent of the debt will return to one. Their other name is the Y court of law," (related source).

There, politicians come into the picture, and the arena becomes still wider. "Weaklings (companies) come crying to us. They say please do something for us. We say all right, we understand, and sometimes we even meet with (people connected with gangs," (leading LDP Diet member). "When it comes to trouble with gangs, politicians are sure to emerge. That is certain. Politicians strike bargains between companies and gangsters," (Japan Bar Association lawyer).

There is even the ironic situation that the Miki Government once introduced a Political Fund Regulation Act in the name of purifying government, so money from open business society diminished, and politicians had to shift to underground money connections.

The Bubble Economy Is a Hotbed

The soil of the pathology is, in a sense, ordinary. But even carriers of disease can sometimes pass their entire lives without becoming ill. As in the Itoman scandal, as might be expected, the fact that it errupted at one breath of the dark forces, is inconceivable in isolation from the change of the economy into a bubble.

Masaji Iishiba, a lawyer who has been a police bureaucrat, warns: "speaking in terms of the trend, it is headed toward a more serious direction. If we use the wrong policy, the Japanese economy of the 21st century will crumble."

The strong yen caused by 1985's "Plaza Accord," and the era of ultra-relaxation of finance which followed it. Surplus money surged into land and stock. Here two channels were generated which expanded underground forces. One was the channel by which outward society "made use of" the violent devices of underground forces in "raising the price of land."

The raising of the price of land against a background of violent devices consolidates land at a high speed which cannot be done under the current legal system, by intimidating landowners and driving away tenants of land and houses. A herd of companies that were bewitched by land and flocked to high profits, without hesitation ate of the forbidden fruit in succession. It was done in spite of the fact that far from only fattening the behind-the-scenes society, it meant allowing the underground forces to seize upon the companies' own weaknesses.

To cite one example, there is the Haseko Corporation, a major construction company. In 1989 it was discovered that it was paying Y200 million to the chief of a gang for trouble in connection with leveling up first-class land in Tokyo.

"It is said that terrible things have occured in the last 5 years. Trust companies, banks and real estate companies all ended up paying money, never thinking that it would ever come to this kind of thing." It is the reminiscing of a veteran lawyer.

The other channel is stock. The underground forces invested their illegal revenues here. "It is now not unusual for computer terminals for use in stock-investing to be located in the offices of gangs, and for members of the gang-executive to be typing away at their keyboards," (securities firm).

The dark forces' way of investing is superb. When they get a fixed amount of stock in their hands, they march into the firm they are dealing with, and threaten it.

"Either buy the stock at a high price, or if you'd rather, it will also be satisfactory if we send some associates to enter your company." The current Otani-Janome incident happened to prove just how effective this method is.

Since it is investment with "absolutely" no mistakes, such "gray money" as funds which evade taxation and funds which "escape taxation," also participate along with the dark forces. It is a mechanism by which the market price of stock leaps up, and underground money grows ever larger.

An Object of the "SII [Structural Impediments Initiative] Talks"?

Now the "guys" who have flocked to Itoman are beginning to cause an internal breakup. The situation is such that the previous president, Yoshihiko Kawamura vilifies Suemitsu Ito as "a traitor who sold himself to Sumitomo," and Sandan, too, says: "I would like to fire Chong, but...."

An internal breakup of the dark forces began because the Sumitomo Bank and Itoman finally converted to a posture of not flinching from even an all-out showdown with the dark forces. "Neither society nor the company would assent to our going along with our traditional posture. What will happen if we employ a frontal attack? We are fighting with our backs to the wall," (Itoman).

Major Economic Incidents in Which Gangs Participated

July 1978	Toda Construction Co., Ltd.	Gang-members made counterfeit stock
September 1978	Jomo Twisting Thread Co., Ltd.	Former director made counterfeit drafts with gang leaders
January 1982	Heiwa Mutual Bank	in real estate transaction that developed into a special breach-of-trust crime the chief of a gang received a Y200 million fee and evaded taxes
October 1985	Tobishima Corporation	Tobishima executives intimidated subcontracting company by using gang-boss's name card and so on (Dojinkai)
October 1985	27 companies including Tobishima Corporation	Behind the above incident, it was discovered that friendship organization of 27 construction companies and a gang existed
May 1986	The Fuji Bank, Ltd.	Being threatened by a man who called himself the secretary of a former Diet member, the bank loaned him Y450 million through an affiliated leasing company
June 1987	Tofuku Flour Mills Co., Ltd.	Supreme gang leader bought up stock and forced the company side to take it over at a high price (January 1990 district court verdict of not guilty; Maekawa family of the Nippon Kokusuikai)
1987	Kimuraya General Headquarters	A Kimuraya managing director joined with a gang member to extort Y30 million from a real estate company (Yamaguchi-gang affiliated Kishimoto gang and Shimizu gang)
January 1988	Cosmo Research	The leader of a speculator group, Kazuo (Kengaku), was murdered by a gang leader and his associates, and robbed of Y100 million (Yamaguchi-gang affiliated Ishihara Sangyo Kaisha, Ltd., and Sakamoto Kogyo, which is affiliated with Ishihara Sangyo)
August 1988	Cosmo	Went bankrupt. Boss Yasuji Ikeda of a Yamaguchi-gang affiliated gang disappeared.
October 1988	Nihon Tochi	Went bankrupt. Debt of Y150 billion; deep relationship with gang rumored
December 1988	Ome Credit Union	Incident of illegal sending of money by former-gang-member businessman
April 1989	Taisho Pharmaceutical Co., Ltd	Former gang member and others arrested for forging stock
October 1989	Tokyo Rope Mfg Co., Ltd.	Gang executive arrested on charge of assault in connection with buying up of stock by gang group (Matsubakai)
November 1989	(Yasufusa) Credit Union	Disorganized lending in connection with gang discovered
December 1989	Haseko Corporation	It was discovered that Y200 million had been paid to gang leader in connection with raising the price of land
July 1990	Sagamihara Credit Union	Because of incident of large-amount of improper loans in connection with a gang, branch manager and others were charged with breach-of-trust
September 90	(Chiba)	Money laundering by international narcotics organization with Japan as its starting point discovered for first time
November 1990	Kurabo	Discovered that secondary stock owner was (Tensho Kogyo), the president of which is the leader of a gang affiliated with the Yamaguchi gang (Yamaguchi gang-affiliated Toseikai)
November 1990	(Osaka)	Discovered that credit union loaned Y30 million to gang leader (Yamaguchi-gang affiliated Soshin Rengo)

A firm posture is the only policy for opposing "those guys." However, the stance of most companies is far from this position.

A member of the Research Group on Gang Countermeasures, which is studying a Gang Control Act, says:

"If we see enactment of a new law on gangs, it will become the first step in bringing the underground forces under control. But there is also a problem on the victim's side. Companies fear having their trouble appear in newspapers and magazines more than they fear the gangs. Therefore, they are quick to pay out money. To them, preserving appearances is more important than anything else."

Pursuing high profits, they are fussy about appearances; mating with evil, they do not hate sin. Though regrettable, it is the form of an ugly company revealed after the bubbles have peeled away.

Ugly Japan. Do unfair Japanese companies even join hands with underground forces? "America has become very zealous in the prevention of money laundering. In April 1990, 173 suspcious bank acounts were seized at the request of the Atlanta District Court. Why is Japan tolerant of underground forces? The Gulf war has ended, and this question will come gushing forth (from the U.S. side)."

There is a report by Tokyo International University professor, Koji Myoto, who is well versed on the underground economy. If Japan depends on foreign pressure even in severing its ties with the dark forces, it may be better for Japan to take down the sign of a sovereign nation.

[box p 16] It is Precisely Defects in the Legal System Which Are the Problem

Masaji Iishiba, Lawyer

The target of organized crime is changing from individuals to companies. At the same time, organized crime is changing its source of income from the crimes of gambling, prostitution and bucket-shop opperations to activities which take advantage of current laws.

The nature of the underground society has changed, so it has ended up becoming impossible to achieve by existing laws, however one may use them, the kind of positive results that one had formerly.

That is, they are arranging things in the form of a business, and that in itself is not illegal. But the problem is the point that they are making business pay by showing off the existence of something violent in the background.

Their basic form of activity takes the form of exercising the stockholder's-right of people who specialize in disrupting stockholders' meetings, the right of association of pseudo right-wing organizations and the right of freedom of expression. The law is used haphazardly and for evil purposes, but the Japanese legal system does not have any provision for haphazard use and use for evil purposes. Herein lies the biggest problem.

Because of the principle of nonintervention in civil affairs, it has sometimes become extremely difficult to prove a crime of civil-affairs-intervention violence. Civil-affairs-intervention violence corresponds to so-called "non-verbal activity," but unless one proves continuous and repetitive nature, one cannot establish a crime. Some people also have the idea of making the use of criminal trial law strict, but it has already exceeded its limitations. Basically, it is desired to make a new legal system.

Japan's criminal code may be said to remain the same as the legal system of the Meiji Period, and criminal trial law is something from immediately after World War II. Consequently, if gang-countermeasure legislation materializes, before criticizing its practical effect, it will be permissible to say that it is an epoch-making event. However, if we turn it the other way, it is saying that the situation is becoming so grave that we have to carry out epoch-making legislation. Has not the advance of the underground world already reached a critical point?

The underground world is an entity which is receiving distribution of the wealth created by the surface society, without itself producing value. Furthermore, the economic activity of the underground world does not seek permanence. It carves out a nest in a surface company, and moves elsewhere when the strength of that company withers. It is the same as the burnt field method of agriculture. Within large enterprises there is something which, while advocating high-risk-high-return active management, actually has taken on a form which should perhaps be called underground management or black management.

It is obvious that if the advance of this kind of underground force continues, the surface economy and society, which expand and reproduce wealth, will go on degenerating. The underground forces do not comprehend that they, too, will vanish if the surface society degenerates.

* Need for Reform of Agricultural Cooperatives

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[Article by Go Tsuchikado]

[Text] The orderly hierarchy of the agricultural cooperatives—in which farmers are beholden to the local cooperatives, the local cooperatives are beholden to the prefectural cooperative associations, and the associations are beholden to the National Federation of Agricultural Cooperative Associations—is now beginning to be reduced to a mere shell. The opposition of farmers—who are charged fees at three levels and made to buy high-priced fertilizers and pesticides—and the bailing out of the prefectural credit union federations and mutual aid federations unable to withstand the strains of financial deregulation have provided the cooperatives with the opportunity to undertake their biggest organizational reform of the postwar era. They have given the green light to vivisect the organization of the cooperatives in form as well as function.

Since last fall, something of a whirlwind has swept through the purchasing businesses of agricultural cooperatives, which handle fertilizers and pesticides.

A genuine outsider equipped with a plant for the production of artificial fertilizers appeared amid the fertilizer business and began selling synthetic or artificial fertilizers to its partner cooperatives.

The cause of the whirlwind was the Hokkaido-based Nitto Bion Co., Ltd. Nitto Bion, which made a name for itself by handling bulk blend (BB) fertilizer in the dairy farmlands of Hokkaido, completed an artificial fertilizer plant in the

Kagoshima Rinkai industrial region of Ibaragi Prefecture at a cost of several hundred million yen.

The firm's marketing strategy consisted of targeting exclusively large cooperatives and large full-time farmers, selling them fertilizer outside the established distribution routes for the cooperatives.

That strategy was right on target. Shortly after the factory was completed the company was greeted with a succession of business deals and inquiries brought it by purchasing agents from big cooperatives. Purchasing agents from big cooperatives that had been amalgamated came directly to Nitto Bion to explain that, as representatives of large amalgamated cooperatives on a scale to rival a small economic federation, they wished to utilize the economies of scale that such size afforded in order to buy directly from the fertilizer producer.

The word in the fertilizer business is that Nitto Bion's impact on the cooperatives was greater than anticipated—so great that the company has apparently changed its marketing strategy recently in order to avoid overstimulating the cooperatives and the fertilizer business.

Cooperatives Have Stranglehold on Farmers and Are in Turn in a Stranglehold by the National Federation

According to economic federation sources, the National Federation and the fertilizer industry even now act in a manner resembling a cartel in terms of both production and marketing—this despite the abolition last year of laws designed to "stabilize" the price of fertilizer. It is widely believed in these circles that the National Federation and the big fertilizer companies between themselves determine the price of fertilizer annually. Moreover, the distribution route for fertilizer with the agricultural cooperatives runs from the National Federation to the economic organizations to the local cooperatives in such a way as to make direct purchasing—for example, from organizations other than the economic federations by the local cooperatives, or from trading companies or producers other than the National Federation by the economic federations—an undertaking requiring considerable daring.

According to an expert in these matters, that daring would consist of the following:

"If the economic federations buy fertilizer without going through the cooperatives, or if the cooperatives by fertilizer without going through the economic federations, they will fall out of favor with their superior organizations. If that were the only thing that happened to them they'd be all right. But in fact they could have their rebates—designed to subsidize sales—reduced and they could be subjected to certain retaliatory sanctions. In the past there have been examples in which these superior organizations teamed up with the central government to control the flow of subsidies to bring these lower-level groups to heel.

"Meanwhile the farmers themselves face an identical situation. Every region in the country can produce stories of instances in which farmers have been unable to borrow money unless they bought their fertilizer from the cooperatives. It's enough to make you wonder just what sort of cooperative union these so-called 'cooperatives' are supposed to be.

"The secret of the agricultural cooperatives' integrated organization's 90-percent-plus share of the final-stage market rests in the fact that, under the guise of 'cooperation' the cooperatives have a stranglehold on the farmers and the National Federation has a stranglehold on the cooperatives."

The number of procurement routes that bypass the National Federation (in the case of the economic federations) or that bypass the economic federations (in the case of the cooperatives) has been increasing with each new import deregulation and with continuing declines in form product prices. A fertilizer agent for a big agricultural cooperative on the outskirts of the Kanto described the current state of efforts on the part of cooperatives to purchase directly from producers thus:

"Two or three years ago, our cooperative introduced a bidding system that transcended the traditional distribution channels. Although such competitive bidding systems are standard practice for corporations, they were taboo among cooperative unions for a long time. I think agricultural import deregulation had a lot to do with making it possible to introduce such bidding—that and lower prices for rice.

"The National Federation and the economic federations are part of the cooperative union, but since the introduction of the competitive bidding system we've come to treat them the same as we would any private business. At first there were all sorts of pressures on us to drop the system, but unless we lowered the price of fertilizer and pesticides the full-time farmers would have deserted us and we would have been unable even to pay the salaries of the cooperative's employees.

"You see, the system by which farmers were unable to get fertilizer unless it came through the National Federation and the economic federations arose in an age when fertilizer was carried around in a big handcart from village to village—in short, when conditions were primitive. That system no longer fits an age such as the present, when agricultural imports are being liberalized.

"Thanks to that deregulation, recently even the economic federations have started to take a serious interest in learning the ways of competitive bidding since its introduction and, on occasion, have been able to supply certain products at prices lower than those offered by private businesses."

The Attack of the Materials Makers Destroys Old Integrated Distribution Routing

Under this kind of old existing distribution system of the agricultural cooperatives, the price of fertilizer and pesticides handled by the cooperatives was destined to be high. Let us explain this very simply by reference to the example of the "All 15," the name given to a composite of 15 percent each of such products that can be compared to a national price comparative, such as nitrogen, phosphoric acid and potassium.

No matter who the fertilizer maker, according to the explanation of the industry, the factory price of All 15 is 800-yen-plus for 20 kilos. The agricultural cooperatives buy the product from the economic federations at 1,300-yen-plus. The cooperatives then slap a 15-percent or so fee on it and sell it to farmers at 1,500-1,600 yen. That is the price among cooperatives handling mainly rice, in which many part-time farmers are involved.

We asked a nursery farmer in Iwate Prefecture for the farmers' view on this pricing system.

"The cooperatives' supplies come from the National Federation through the economic federations to the cooperatives; since margins are taken at each stage, the price inevitably is high. On top of that, farmers placing large-volume orders and part-time farmers buying only four or five bags pay the same price. Have you ever heard of anything so ridiculous?

"The economic federations and the cooperatives say that, so long as they remain a cooperative union, they cannot charge different prices for different members. But that's nothing more than an excuse for resting on the laurels of the cooperative organization.

"Now, since the opening of the Tohoku Highway, trucks loaded with low-priced fertilizers and pesticides from Sendai and Fukushima have started coming as far as this nursery farmland here in Iwate. On their way back they carry rice. The farmers here are already thinking of ways to deal with this.

"The days when the cooperatives thought they could remain locked safely inside their localities and simply continue to do business with their client farmers are about over now, even here in Iwate."

The situation is different for cooperatives in urban areas and in nurseries. In Ibaragi Prefecture, where the price of fertilizer is considered the cheapest in the nation, farmers buying 1,000 or more sacks of All 15 are offered a large 1,000-yen rebate. The reason for the rebates in Ibaragi have to do with the fact that the prefecture has more nurseries than anywhere else; nursery farmers are relatively more sophisticated about these matters and the economic federations' supply agents are competent professionals.

In Wakayama Prefecture, which has been hit hardest by orange import deregulation, the purveyor of low-priced pesticides is called the Wakayama Prefecture Federation of Agricultural Cooperatives (economic organization). Thanks to its activities, private businesses have been forced to sell their products in rival Aichi Prefecture. A price war is now breaking out in Aichi.

As shown in Figure 1 [not reproduced], the big fertilizer makers are trying to sell directly to agricultural cooperatives and to big full-time farmers through dummy corporations in areas where the National Federation and the economic federations do not reach. The corporations, in tandem with structural changes in farming, are developing a marketing strategy that targets big cooperatives and large full-time farmers, in a way that circumscribes the provisions of the *rengo* laws.

That strategy is being put to particular effect in the nurseries, forcing the economic federations and the cooperatives onto the defensive. This is because, unlike rice, prices for the products of the nurseries are not guaranteed by the government—and there has been a rapid increase in the number of big nurseries run by people who have a sophisticated understanding of the market. Nursery farmers are well endowed with the eminently practical business philosophy that says they should buy their supplies cheap and sell their products dear.

Like nursery owners, recently even mainly rice-oriented cooperatives, in an attempt to counteract the effects of rice price cuts and import liberalization, have started thinking seriously about procurement arrangements they formerly left to the economic federations. Says a procurement agent for an economic federation on the outskirts of the Kanto:

"Looking at the figures showing the rate of organization utilization over the past several years, we found that something very interesting had happened. We found that the frequency with which economic organizations utilized the National Federation had begun to decline while the frequency with which agricultural cooperatives utilized the economic federations had begun to rise, albeit slightly.

"Farmers feeling the effects of deregulation take the cooperatives to task over the price of fertilizers and pesticides. The cooperatives demand that the economic federations supply them with cheap fertilizers and pesticides. As a result, the economic federations have taken to setting up a dual procurement system that utilizes both the National Federation and the trading companies."

Small, Weak "Prefectural Economic Federations" Are Merged To Form Integrated System

A general council report to be completed by the end of March by the Central Council of the National Federation states that small, weak prefectural federations will have to be bailed out and a way found to separate economic business from credit and mutual aid business.

The federations to be bailed out include most credit federations and those mutual aid federations that are experiencing financial difficulty—in short, all such organizations except a small minority. Among the individual prefectural and municipal (i. e., regional) federations, those economic federations and credit federations that concentrate mainly on rice have been heavy users of the Foodstuffs Control Law system; in all aspects of their endeavors—credit, mutual aid, purchasing and sales—they have become unable to support the management of their organizations without depending on the support of the national federations.

A source connected with the Central Council said of the present state of the prefectural and municipal federations:

"The prefectural and municipal federations have all seen their business bases weaken and, judging from their consolidated settlement of accounts—which include their affiliated companies—they are close to bankruptcy. To rescue them from what is an acute emergency, the only thing to do is for the Central Cooperative Bank for Agriculture and Forestry to merge the credit federations and the National Federation to merge the economic federations into an integrated whole.

"Even if such mergers are carried out, however, there is the human factor to consider. The Central Cooperative Bank and the National Federation would be turning the prefectural and municipal federations into branch offices; that naturally means there will be some personnel transfers. That in turn means we'll see the more able people separated out from the less able.

"In the end, these changes could bring about a confrontation with the National Federation of Agricultural Mutual Aid Societies Employees' Unions, which is affiliated with the Japan Communist Party. But the cooperative organization lacks the kind of competent managers that the old Japan Railways [JR], for example, had. So we'll probably see something like those regional offices designed to find other employment for those workers who lost their jobs when JR was privatized springing up in every locality in the country."

The Central Council's report proposes that the current three-tier structure—the National Federation, the prefectural and municipal federations and the cooperatives—be changed to a two-tier system with just the National Federation and the cooperatives. The plan is expected to be institutionally approved at the 19th general assembly of cooperatives scheduled for October. It would be the first major organizational change in the cooperatives since they were established in 1947.

The leaders of that reformation would be the prefectural and municipal federations. But their stance on the issue of economic business, on the one hand, and credit and mutual aid business, on the other, is different.

In the case of Hokuren, for example, whose annual volume of business easily exceeds 1 trillion yen due to backing from the Hokkaido agricultural cooperatives, a middle-level executive had this to say:

"In our organization, we simply don't need the National Federation. The only thing the National Federation has that we don't have is expertise in international business, but we can solve that problem by teaming up with the trading companies. More important than that, however, is the fact that the National Federation markets Hokkaido's agricultural products the same way it markets Okinawa's. That's a problem for us.

"As for the Central Council's proposal for a two-tier system: Even if it is necessary for small, weak economic federations to have financial or mutual aid divisions—or even economic businesses—it's no concern of ours and has nothing to do with us.

"The Central Council appears to be doing a lot of things. But the fact remains that, absolutely irrespective of whatever pieces of paper it pushes around, the business of farming is in reality being refashioned apace.

"Organizations like Hokuren and the Nagano Prefecture Economic Federation, which are working at their business just like regular corporations, are different from other federations in that we have capital in place and are training people. Do you really think that, just because the two-tier system's in place, we will simply allow ourselves to become the National Federation's Hokkaido Branch or Nagano Branch?"

The bone of contention in the Central Council's end-of-March report on agricultural cooperative reform will be just this tier system. It is likely there will be problems with an approach that attempts to treat such powerful organizations as Hokuren and its Nagano counterpart on the same level as some small, weak, financially troubled economic federation elsewhere.

Proposal To Attach Credit Business Directly To Central Cooperative Bank, With Mutual Aid Business Made into a Two-Tier Structure Nationwide

These credit and mutual aid financial divisions are expected to be unable to cope with financial deregulation if the Central Council goes ahead with the integration of the regional federations (credit federations and mutual aid federations) in accordance with the plan set out in its report. This is because, as internationalization progressed and continues to progress, the finance industry has become linked to a global finance market, from the effects of which not even an agricultural cooperative can be immune.

However, it is not necessary to point out that the credit business has been taking it on the chin since interest rates began to rise last year—to the point where now it is just waiting for the regional credit federations and agricultural cooperatives to throw in the towel for them. According to cooperative sources, the settlements of accounts due out this spring from the credit federations and individual cooperatives' credit businesses are going to be worse than expected.

The credit business is looking to speed the merger of cooperatives, then separate the credit operations from the cooperatives and regroup them as branch offices of the Central Cooperative Bank—to which they would be attached directly.

A specialist familiar with the agricultural cooperatives' finances had this to say about the future of their credit businesses:

"The agricultural cooperatives finances—with the Central Cooperative Bank the pinnacle—are in more serious trouble than anyone thought. They've found they can no longer do business by automatic reference to their status as a cooperative union. In order to deal with this crisis they will have to speed the merger of cooperatives. There are 3,600 agricultural cooperatives nationwide and the Central Council is going ahead with a proposal to reduce that number to 1,000 ten years from now. But the mergers aren't going as smoothly as planned."

The reason the mergers are not going as smoothly as planned is that the cooperatives' directors are not conscious of the dangers that financial deregulation poses for their organizations.

In a prefecture in the Hokuriku section of the country, which grows much excellent rice, whose farmers (even the part-time ones) get more income than any other and whose business is not badly affected, the current sentiment is that mergers should be carried out only after an organization's strength has been exhausted; the more pressing worry is that the number of union leadership posts will decline.

In the end, it is expected that the coming wave of financial deregulation will spell bankruptcy for many agricultural cooperatives—no joking matter, this.

According to a cooperative source:

"In ten years, the number of agricultural cooperatives will decline to the 1,000 envisioned in the Central Council's report. But it will do so not by way of mergers but by attrition instead. In other words, every part of the country will see a succession of cooperative bankruptcies.

"Then the merged cooperatives will be split organizationally into credit and mutual aid operations on the one hand and business operations (purchasing and sales) on the other. The credit operations, for example, will become branches of the Central Cooperative Bank. The agricultural cooperative union presidents will be unable to interfere in matters of financial auditorship and personnel. Credit federations, too, will be acquired by the Central Cooperative Bank and be made to perform an organizational function designed to centralize regional control. Only the disposal of personnel will remain as an issue."

This scenario is what the mutual aid operations are facing at an earlier stage.

A cooperative source describes the current state of affairs like this:

"Although the mutual aid operations are technically part of the regional mutual aid federations, a look at their fund management shows they are moving more quickly than the other operations to a two-tier system composed of the National Federation and the individual cooperatives.

"The mutual aid federations manage a reserve of 2.3 trillion yen against matured mutual aid funds of 14 trillion yen in mutual aid funds. The regional mutual aid federations, however, on average manage no more than a little under 300 billion yen. So there is a difference of 0.5 percentage points in the total return between the national economic federations and the regional mutual aid federations.

"So starting this year a five-year plan has been put into effect that, in the end, will have the regional mutual aid federations hand over 30 percent of their reserves to the national federation to operate. Judging from the actual state of affairs of fund management, the regional mutual aid federations are simply acting as no more than a promotional organ for mutual aid."

If the preceding information is expressed in the form of a flow chart, it would appear like that in Figure 2 [not reproduced]. Credit operations are likely to be consolidated with the Central Cooperative Bank in one fell swoop, reflecting the internationalized finance market. But the economic federations are not in any sense going to be divided neatly into a two-tier system consisting of the National Federation and local cooperatives as envisioned by the Central Council. It seems likely that some of the stronger regional federations will be left alone.

Rice Facing Competition; Cooperatives To Be Left With Only Their Employees

The movement to reform agricultural cooperatives will have a major effect on the cooperatives' rice production and distribution, which has heretofore been massively protected by the Foodstuffs Control Law. For one thing, as cooperatives merge we will see the appearance in every corner of the country of cooperatives large enough to rival a small economic federation.

The president of one large amalgamated cooperative that specializes in growing rice in the Tohoku region foresaw the following changes in rice production and distribution:

"Once rice import liberalization begins, it's clear that the government will have to completely revamp its policy of reducing rice production and its foodstuffs control policy. When that happens, do you really think that economic federations that don't even have proper warehouse facilities will be part of the rice distribution system even if such federations are mandated by this or that system to be so?

"Whether or not a cooperative can survive inter-regional competition will depend on whether or not it can get hold of a grain elevator. Whether or not you have such an elevator to provide you with stable shipping capabilities 365 days a year, like for all grain trading, will determine who wins the rice distribution routes.

"I think one reason we're seeing so many plans to build such elevators in many parts of the country is because the cooperatives are getting ready to team up with their rivals the rice wholesalers, not with their rival cooperatives or economic federations."

There is another thing about the agricultural cooperatives' rice production and distribution. This gets back to the basics of grain distribution and has to do with whether or not the cooperatives can handle large volumes. In order to handle large volumes, the cooperatives will have to merge. In Niigata Prefecture, which grows the finest rice in Japan, there are 166 agricultural cooperatives. It is rare for any of them to have 9,000 or more member households; most are minor cooperatives of about 500 households. In neighboring Yamagata Prefecture there are 63 cooperatives; in Toyama Prefecture 53. In short, there are about 3 times as many cooperatives in Niigata than in either Yamagata or Toyama.

Says one Niigata cooperative source:

"Although there seems to be many reasons why cooperative mergers aren't going ahead in Niigata Prefecture, one factor is that both the farmers and the cooperatives have until now managed on a part-time basis to grow the Koshihikari rice that is Japan's best. In other words, the cooperatives' managements don't feel any urgency; that's why the mergers aren't taking place.

Rice is the one agricultural product that responds to economies of scale. The amount of rice that a 1,000-household agricultural cooperative handles would only last about a month at retail in a place like Tokyo or Osaka. The cooperatives will soon be found out even by the distributors if they continue to market rice the old way even though a rice exchange is in place and there are now opportunities to deal directly with wholesalers and retailers in the areas where rice is consumed."

Agricultural cooperatives are by nature unable to exist apart from the business of farming. But ten years from now the number of farms is expected to decline sharply due to agricultural import deregulation, an aging society and a shortage of young people to take over the work. This means that the number of members—who comprise the cooperatives—will decline. Moreover, financial and agricultural deregulation inevitably means that local society and the way farmers live and think will have to change, too.

Even the Ministry of Agriculture, Forestry and Fisheries and the Central Council predict that the number of households inclined to farm will drop dramatically from 4 million today to 500,000 in ten years. Those who farm to preserve their farmland as an asset are likely to grow more clearly aware of their status as recipients of grant income rather than members of a cooperative, and full-time farmers are likely to grow more independent of the cooperatives.

Says a cooperative source:

"As long as the agricultural cooperatives depend on the government and on subsidies and cling to their vested interests, all their operations will just get weaker. It's undeniable that the number of farm households will drastically decline with liberalization, so the cooperatives have to change the way they're organized. They first of all have to streamline. The time has come when, instead of clinging to their vested interests in a negative way, they have to coolly consider the objective fact that Japan's economy has grown so large and internationalized, and that they should allow deregulation in all facets."

If the agricultural cooperatives are unable to enact the kinds of changes that this cooperative employee suggests, then savings will flow into the hands of private financial institutions, full-time farmers will become independent of the cooperatives and—a more than likely although tragic outcome—the cooperatives themselves will be left with only their employees.

Toshiba Develops Laser for Integrated Circuits

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[Text] Toshiba Corp. said it has developed a prototype high- power excimer laser technology which the company claims is expected to be used for producing future ultralarge scale integrated circuits (ULSIs).

Officials said the prototype laser will enable chips to be made at a speed 10 times faster than conventional excimer laser technology currently available in the market.

Excimer laser technology is a photo-etching technique used by semiconductor makers to build densely packed circuitry on silicon- based chips.

Officials expect the prototype laser to enable new developments in products for use in medicine and energy, officials said.

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